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ABSTRACT

This report on a hearing on legislation to authorize an increased appropriation for the National Telecommunications and Information Administration (NTIA) for fiscal years 1985 and 1986 contains an introductory statement by Timothy E. Wirth, Chairman of the Subcommittee on Telecommunications, Consumer Protection, and Finance; the text of the bill; a summary of a prepared statement and the full text of the statement by David J. Markey, Assistant Secretary for Communications and Information; material submitted for the record by the Commerce Department; a letter from Peter M. Fannon, the acting president of the National Association of Public Television Stations; and a transcript of the discussion held at the meeting. Both of the statements presented provide descriptions of the five basic programs of the NTIA: (1) it serves as the executive agency for developing and presenting communication and information policy; (2) it is responsible for managing the federal government's own use of the radio frequency spectrum; (3) NTIA's Institute for Telecommunications Sciences (ITS) in Boulder, Colorado, conducts communications research and policy support activities; (4) it monitors and participates in international telecommunications activities; and (5) the Public Telecommunications Facilities Program (PTFP) provides matching capital grants to extend the reach of public telecommunications. (JB)

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NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION AUTHORIZATION

ED259705

HEARING

BEFORE THE

SUBCOMMITTEE ON TELECOMMUNICATIONS, CONSUMER PROTECTION, AND FINANCE

OF THE

COMMITTEE ON ENERGY AND COMMERCE HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 5497

A BILL TO AUTHORIZE APPROPRIATIONS FOR THE NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION FOR FISCAL [illegible]6

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APRIL 24, 1984

Serial No. 98-147

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NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION AUTHORIZATION

TUESDAY, APRIL 24, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
SUBCOMMITTEE ON TELECOMMUNICATIONS,
CONSUMER PROTECTION, AND FINANCE,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 2123, Rayburn House Office Building, Hon. Timothy E. Wirth (chairman) presiding.

Mr. WIRTH. The subcommittee will come to order.

We are holding this morning an oversight hearing on the National Telecommunications and Information Administration in the Department of Commerce. Our witness this morning is Hon. David J. Markey, Assistant Secretary for Communications and Information. Secretary Markey has been at NTIA for less than a year; this is his first appearance before this subcommittee, and I would like to welcome him this morning.

NTIA is a small organization, with fewer than 200 full-time employees. But the work performed by NTIA is of enormous importance—to the ability of our Government to function and to our economic future. NTIA oversees the Government's use of the spectrum, guaranteeing to Government users interference-free use of the spectrum. And nearly every department of Government utilizes spectrum, from the Defense Department's need for C^3, to the ability of the Capitol Police to communicate with each other. It is only through the good work of NTIA that the Government's portion of the spectrum is allocated fairly, in a manner that encourages efficiency and reflects sound spectrum management.

In addition, NTIA administers the Public Telecommunications Facilities Program. This program is an important complement to the public television and public radio system we have in this country. It is responsible for extending the coverage of public telecommunications to all the people of the United States. While we will deal with the grants funded under the program as part of the authorization for the Corporation for Public Broadcasting, we should also note the administrative role played by NTIA.

Finally, and perhaps most important, NTIA serves as the policy arm of the executive branch for domestic and international telecommunications issues. The Assistant Secretary for NTIA serves as

the President's chief adviser on these issues, which are of such critical importance to our future.

I would point out that it is increasingly impossible to separate domestic from international issues. Our utilization of the spectrum is constrained by international agreements. Our satellite orbital slots—for domestic services—are similarly constrained. Thus, I think that it is of enormous importance that we maintain the capability within NTIA for sound policy analysis of both domestic and international issues.

We should note that legislation has been introduced authorizing an increased appropriation of $16 million for NTIA. We trust, Mr. Markey, that the increase can be put toward improving NTIA's analytical skills, particularly in the common carrier area, which I think we will agree showed some weakness last fall.

Your statement will be included in full in the record and we would like you, if you would, to summarize your testimony.

[The text of H.R. 5497 follows:]

98TH CONGRESS
2D SESSION

H. R. 5497

To authorize appropriations for the National Telecommunications and Information Administration for fiscal years 1985 and 1986.

IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 1984

Mr. WIRTH introduced the following bill; which was referred to the Committee on Energy and Commerce

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A BILL

To authorize appropriations for the National Telecommunications and Information Administration for fiscal years 1985 and 1986.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated for the administration of the National Telecommunications and Information Administration, in order to carry out its functions as the executive branch agency principally responsible for the development and presentation of domestic and international telecommunications policy, $16,000,000 for fiscal year 1985, and $16,800,000 for fiscal year 1986, together with such sums as may be necessary for increases resulting from adjustments in salary, pay, retirement, other employee benefits required by law, and other nondiscretionary costs.

O

Mr. WIRTH. Mr. Leland has joined us. Mr. Leland, do you have any opening comments?

Mr. LELAND. No, I don't, Mr. Chairman. I would just like to associate myself with your remarks.

Mr. WIRTH. Thank you, Mr. Leland. Welcome back from your State of Texas.

Mr. Markey.

STATEMENT OF DAVID J. MARKEY, ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION, DEPARTMENT OF COMMERCE, ACCOMPANIED BY DENNIS CONNORS, OFFICE OF POLICY COORDINATION AND MANAGEMENT; AND BILL UTLAUT, INSTITUTE FOR TELECOMMUNICATIONS SCIENCES, BOULDER, CO

Mr. MARKEY. Mr. Chairman, Congressman Leland, we appreciate this opportunity to appear before you this morning.

One of the things that makes me most proud of being at NTIA is the very fine people that we have with us there, and I would like to just begin this morning by introducing some of them to you. And I would like to ask them to stand.

First is Sue Stuebing, my deputy, who worked here with a member of the Commerce Committee, Bud Brown.

Dick Parlow, who runs our spectrum management operation.

Bill Utlaut, who runs the Institute for Telecommunication Sciences, located in Boulder, CO.

Dick Shay, who is our chief counsel and acting head of the Office of Policy Analysis and Development.

Frank Urbany, who is the acting head of the Office of International Affairs and my special assistant for international affairs.

And Dennis Connors, who is with our Office of Policy Coordination and Management.

These are a very fine collection of very excellent and qualified people; and of course if we do anything wrong, it is their fault; and if I do anything right, it is mine. But they are a very good group of people and we are very lucky to have them.

I would like to go over my statement briefly. I would like to just summarize it.

NTIA, as you know, has five basic programs. First, it serves as the executive agency responsible for developing and presenting communication and information policy. This effort includes our domestic policy work--such as advocating positions before the Federal Communications Commission [FCC], working with others on national defense and emergency preparedness, and responding to congressional information requirements. Most of these policy-related activities are carried out through our Office of Policy Analysis and Development.

Second, NTIA is responsible under section 305 of the Communications Act for managing the Federal Government's own use of the radio frequency spectrum. The Government is a major spectrum user, and agencies depend on this resource to satisfy a broad range of public service, administrative, and national defense needs. Our radio spectrum functions are handled by the Office of Spectrum Management. In this regard, we chair the Interdepartment Radio

Advisory Committee [IRAC], and issue frequency assignments to virtually every part of the Federal Government. Because of the close ties between national and international radio spectrum issues, NTIA—in conjunction with the IRAC—also prepares and coordinates the Executive branch proposals and positions for international radio conferences.

Third are our important communications research and policy support activities, which are undertaken chiefly by NTIA's Institute for Telecommunication Sciences [ITS] in Boulder, CO. ITS constitutes one of the premier radio frequency and communication systems research centers in the world. Indeed, ITS officials currently chair several important national and international groups and committees under the auspices of the CCITT and the CCIR.

ITS's efforts contribute not only to NTIA's policy and spectrum management programs, but they also perform work for a number of Federal agencies on a reimbursable basis. Agencies rely on ITS when they want assistance from communications experts who are not in the business of selling services and equipment, and thus can afford to be frank and objective.

Fourth, there are NTIA's international affairs programs. Involved here are those parts of NTIA that monitor Comsat's participation in INTELSAT and INMARSAT and participate in the Comsat instructional process. There are also related efforts, such as our work with the OECD to minimize transborder data flow problems and our work with the International Trade Administration. International affairs constitutes an increasingly important part of NTIA's overall effort, and I plan to devote additional attention to it in the future.

Finally, there is the Public Telecommunications Facilities Program [PTFP]. The PTFP provides matching capital grants to extend the reach of public telecommunications. As indicated in my earlier testimony to the subcommittee, the Administration believes the basic goals of this program have been accomplished.

Mr. Chairman, each year we file with the committee a detailed summary of the activities for the previous year, and we would like to make that a part of the record today, if we could, and we will give you a copy to place into the record.

Mr. WIRTH. Without objection, that will be included in the record.

Mr. MARKEY. With that, Mr. Chairman, I think we will just insert the rest of this statement into the record, and we will try to answer your questions.

[Testimony resumes on p. 23.]

[Mr. Markey's prepared statement and activities summary follow:]

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Statement of

David J. Markey

Assistant Secretary for Communications and Information

U.S. Department of Commerce

Introduction

Thank you, Mr. Chairman, for this opportunity to review NTIA's authorization request with the Subcommittee this morning. With me are my Associate Administrators and Mr. Frank Urbany, my Special Assistant for International Affairs. One of NTIA's strengths is its staff, and the experts with me today can address any questions regarding the details of our programs.

Five Basic Programs

NTIA has five basic programs. First, it serves as the Executive agency responsible for developing and presenting communications and information policy. This effort includes our domestic policy work -- such as advocating positions before the Federal Communications Commission (FCC), working with others on national defense and emergency preparedness, and responding to Congressional information requirements. Most of these policy-related activities are carried out through our Office of Policy Analysis and Development.

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Fourth, there are NTIA's International Affairs programs. Involved here are those parts of NTIA that monitor Comsat's participation in INTELSAT and INMARSAT and participate in the Comsat "instructional process." There are also related efforts, such as our work with the OECD to minimize transborder data flow problems and our work with the International Trade Administration. International Affairs constitutes an increasingly important part of NTIA's overall effort, and I plan to devote additional attention to it in the future.

Finally, there is the Public Telecommunications Facilities Program (PTFP). The PTFP provides matching capital grants to extend the reach of public telecommunications. As indicated in my earlier testimony to the Subcommittee, the Administration believes the basic goals of this program have been accomplished.

Detailed Report Available

Details regarding NTIA's activities are set forth in the annual reports we are required by statute to submit. This morning, I would like to focus on some of our upcoming activities, and ask that our most recent report for calendar 1983 be included in the record.

International Emphasis

In the international field, we have already begun a review of the Comsat instructional process to see how it can be improved. U.S. interests in INTELSAT are represented by our Signatory, Comsat, which is a private corporation. Comsat has diversified into new communications areas, and international communications has also become more competitive. Consequently, Comsat's position as the U.S. representative has become more difficult. Assuming the Government agrees to allow new entry into the international satellite business, for example, it will be Comsat's responsibility to handle coordination of any new systems with INTELSAT under Article XIV of the Definitive Agreements. This obviously places Comsat in a difficult situation, since it will be hard for management to advance

the interests of their shareholders, those of possible competitors, and the interests of the United States.

We have already met with the parties who are involved in the Comsat instructional process. Most seem to agree that changes are in order, and this may require Congress to revisit the 1962 Comsat Act. We look forward, in this regard, to working closely with the Subcommittee and its expert staff.

We are also in the process of gearing-up for the 1985 World Administrative Radio Conference on Space, which I believe is one of the most important upcoming international conferences. Preparation for these conferences is becoming increasingly complex, and it is placing greater demands on us for several reasons.

Demand for spectrum is growing rapidly, not only in the United States, but in most other nations as well. Defense organizations worldwide, for example, are developing new command, control, and communications systems -- all of which rely heavily on the radio spectrum. At the same time, a broad range of new commercial services is emerging -- services such as Direct Broadcast Satellite, cellular mobile radio, low power TV, Digital Termination Services, cordless phones, and so forth. This rapidly growing Government and private demand means that the technical "fixes" needed to accommodate users are becoming much more complicated. Since NTIA is the major player in the U.S. Government spectrum management process, this places more pressure on our resources.

The fundamental importance of communications to economies worldwide -- including ours -- is also growing rapidly, and this means international conferences have become more important for all the parties involved. In the United States, we hear a good deal about the importance of communications and other related "high tech" or "sunrise" industries. This same emphasis prevails abroad.

The more emphasis nations place on communications trade and development, and the more important communications systems become to their economies, the more critical it becomes for the United States to be prepared for international communications conferences. The decisions reached have major impact; they set

the parameters for competition and trade; and we believe it is very important for the United States to ensure that American industry can meet growing competitive challenges in this field both at home and abroad.

In addition to emphasizing our international efforts, we plan to increase our participation in domestic policy as well. Currently, the United States is experiencing a complicated transition -- away from a regulated monopoly, toward a less regulated, perhaps eventually unregulated, communications market. In the past year, NTIA has been involved in common carrier rate matters, broadcast and cable television proceedings, and proceedings involving the development of standards for new services such as ISDN. We believe we can help the FCC and Congress ask the right questions and come up with sound answers, and we plan to be actively involved in the future.

In the radio spectrum management area, we are continuing our efforts to coordinate and manage the competing spectrum needs of Federal agencies. As part of these efforts, we review new communication systems for compatibility with existing and planned systems, and conformance with technical standards and policies. To achieve increased spectrum sharing, we analyze current and future uses of selected frequency bands and investigate the opportunities that new technology offers to meet increasing spectrum demands.

NTIA recognizes the needs of the private sector and the innovative ways it uses the spectrum to serve the general public and business. To satisfy many of these needs, NTIA, in conjunction with the IRAC, has reallocated Government spectrum for non-Government use, or has made specific bands or frequencies in the Government spectrum available to satisfy a broad range of private sector applications.

We are now developing efficiency criteria and related policy options. When these are developed, they will enhance our ongoing, systematic review of Federal spectrum requirements. There is a common view that neither the Government nor many private parties are using the spectrum as efficiently as possible. We do not believe all the criticisms are warranted, but we are taking steps to determine if Federal spectrum use could be further improved and, as a result, further sharing with the private sector made possible. These efforts, moreover, tie-in nicely with our international conference work where spectrum efficiency is also at issue.

Conclusion

Experts say the United States and the world economy are now in a critical period. Many of the fundamental changes taking place are a result of technological and competitive changes in communications. Our emphasis on international matters reflects the global nature of the changes and markets involved. We think we can continue to make significant contributions in this area, and we look forward to continuing to work with the Subcommittee and its expert staff.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Communications and Information
Washington, D.C. 20230

January 23, 1984

Honorable John D. Dingell
Chairman, Committee on
Energy and Commerce
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

The National Telecommunications and Information Administration (NTIA) respectfully submits the following annual report regarding its calendar year 1983 programs, initiatives, and accomplishments, as required by section 402 of the Public Telecommunications Act of 1981 (Public Law 95-567).

NTIA was established in 1978 through consolidation of the Office of Telecommunications Policy in the Executive Office of the President and the Commerce Department's Office of Telecommunications. See Reorganization Plan No. 1 of 1977, 91 Stat. 56101, Executive Order 12046 (3 CFR 158 (1979)). Responsibility to administer the Public Telecommunications Facilities Program (PTFP) was transferred to NTIA in 1978. Appropriations for NTIA for fiscal years 1983 and 1984 were authorized by title II of the Communications Amendments Act of 1982 (Public Law 97-259).

NTIA's responsibilities in 1983 included: (a) fulfilling the responsibilities delegated by the Secretary of Commerce and serving as the principal Executive branch adviser to the President on communications policy; (b) prescribing policies for and managing Federal use of the radio frequency spectrum, pursuant to section 305 of the 1934 Communications Act, as amended (47 U.S.C. Sec. 305); (c) together with the Department of State, the Federal Communications Commission (FCC), and other agencies, developing and presenting U.S. international telecommunications plans and policies, and coordinating U.S. Government positions in conjunction with international telecommunications conferences and meetings; (d) administering the PTFP and participating as a statutory member of the Temporary Commission on Alternative Financing for Public Telecommunications, pursuant to section 1232(b) of the 1981 Omnibus Budget Reconciliation Act (Public Law 97-35); and (e) serving as a Federal telecommunications research and study center, providing expert technical support to other agencies, chiefly through the Institute for Telecommunication Sciences (ITS) in Boulder, Colorado.

In calendar 1983, NTIA testified before Congress, participated extensively in FCC proceedings, and published technical, economic, and policy reports as discussed further below.

(1) Domestic telecommunications policy development. NTIA witnesses testified before Congress and submitted statements regarding deregulatory cable television legislation, television program copyright issues, "daytime-only" radio broadcasting, radio and television broadcast deregulation proposals, and proposed changes in the FCC's financial interest and syndicated programming rules. In addition, NTIA developed and submitted detailed and extensive analyses of local and intrastate telephone rates and proposed rate increases and participated in FCC proceedings concerning changes in the telephone industry.

NTIA prepared an extensive report on print and electronic media and reviewed the case for First Amendment parity at the request of the Senate Communications Subcommittee. The report was subsequently published as a Senate Committee Print (S. Print No. 98-50).

Comments were filed with the FCC concerning changes in traditional common carrier cost-allocation and rate-setting policies, appropriate registration procedures for competitive provision of computer and data processing network equipment, and the development of standards for Integrated Services Digital Networks (ISDNs). NTIA filed comments concerning the structural requirements to be placed on Bell System Operating Companies with respect to their participation in the retail telephone equipment market. Comments were filed regarding cable television signal carriage requirements and the proposed preemption of state regulation of nonbroadcast cable television system offerings. Recommendations concerning the elimination and streamlining of certain FCC regulations pertaining to broadcast television were filed. Comments were also filed with the U.S. Postal Service regarding proposed changes in the regulations governing electronic mail services.

In 1983, NTIA, the FCC, and the Minority Business Development Administration executed an interagency agreement aimed at facilitating increased minority ownership in telecommunications. Under the agreement, NTIA will make available to potential minority broadcast entrepreneurs technical information concerning signal coverage areas and other pertinent factors through its computer facilities at Boulder, Colorado.

A chronological listing of NTIA's filings during calendar 1983 is set forth in Appendix A to this report.

(2) Federal radio frequency management. Approximately 78,000 Federal agency radio frequency assignment actions were taken through the Interdepartment Radio Advisory Committee (IRAC) chaired by NTIA. Information concerning Federal use of the radio frequency spectrum is set forth in Appendix B to this report.

NTIA in 1983 functioned as a focal point for U.S. international radio conference preparations. NTIA had a major role in the International Telecommunication Union (ITU) Conferences for Mobile Services and Broadcasting Satellite Service that took place in 1983. The conference for Mobile Services updated a number of ITU

provisions, particularly those pertaining to distress and safety communications in the Maritime Mobile Service. In so doing, the conference facilitated the introduction of up-to-date communications techniques; legislation to conform the maritime communications provisions of the 1934 Communications Act to the results of this conference may be appropriate in 1984.

The Broadcasting Satellite Conference established the international regulatory framework that will allow implementation of direct-to-the-home satellite broadcasting in the United States and the Western Hemisphere. NTIA also participated in the CITEL Plenipotentiary Conference, dealing with the reorganization and program of activities of this body that operates under the auspices of the Organization of American States. In 1983 preparations continued for (a) the 1984 High Frequency Broadcasting Conference, to convene in January, 1984, and (b) the 1985 Space Conference, which will address issues relating to the utilization of the geostationary orbit.

Sharing plans for present and future systems were developed for seven major frequency bands representing about 11 percent of Federal bands. One hundred and two proposed Federal radio communications systems were reviewed to ensure spectrum availability, compatibility with the radio environment, compliance with standards, nonionizing electromagnetic radiation hazard criteria, and the spectrum allocation rules and regulations. NTIA in 1983 also completed the procurement of new computer hardware to replace its technologically obsolete UNIVAC 1108. NTIA began development of the specifications for the modernization of its existing software, which has been modified to maintain in the interim the overall efficiency of the frequency management and analytical processes.

NTIA trained 71 personnel from various Federal departments and agencies in radio frequency management. In addition, NTIA joined with the FCC in 1983 to train 29 foreign telecommunications specialists during an intensive four-week frequency management seminar offered under the auspices of the U.S. Telecommunications Training Institute (USTTI). USTTI offers tuition-free instruction by major U.S. telecommunications corporations and the Government to participants from developing nations. The first year of training began in June 1983 and will continue through March 1984. Plans are underway to include the NTIA-FCC Frequency Management Seminar in the USTTI curriculum in 1984.

NTIA in 1983 filed additional comments with the FCC concerning the establishment of a new terrestrial fixed communications service in the 800 MHz band. The new service will be shared between Federal and private sector users. In addition, NTIA commenced a review of Federal radio frequency use as directed by the Senate Committee on Appropriations (S. Rep. 97-584 at p. 23).

(3) International telecommunications policy activities. In 1983, NTIA prepared and submitted to Congress a comprehensive review of U.S. international telecommunications and information policy

goals, as required by section 202 of the Communications Amendments Act of 1982 (Public Law 97-259). The report was entitled "Long-Range Goals in International Telecommunications and Information: An Outline for United States Policy," and it was published as a Committee Print by the Senate Committee on Commerce, Science, and Transportation (S. Prt. 98-22, 98th Cong., 1st Sess. (1983)).

The Office of International Affairs participated in bilateral discussions between the United States and the Federal Republic of Germany, the United Kingdom, and Canada, as well as discussions with the Nordic telecommunications administrations. NTIA officials served as members of the delegations involved in discussions by the Organization for Economic Cooperation and Development on transborder data flows and in meetings of the International Maritime Satellite Organization. NTIA also participated in hearings on international copyright protection conducted by the Senate Judiciary Committee and recommended steps to be taken to safeguard intellectual property rights and the continued efficient development of the U.S. program production industry.

Detailed reports were issued by the Office of International Affairs concerning the economics of customer-premises earth stations and the telecommunications trade opportunities available in 17 nations abroad. In addition, the Office participated in proceedings before the FCC concerning the proposed deregulation of "enhanced" services internationally and the development of U.S. policy on Integrated Services Digital Networks (ISDNs).

(4) Public Telecommunications Facilities Program. In 1983, NTIA awarded 88 grants totaling $15 million under the Public Telecommunications Facilities Program (PTFP). PTFP grants went to public telecommunications entities in 37 states, Puerto Rico, and the Virgin Islands. Applications from 328 entities requesting $66 million were received. Twenty-seven grant awardees received special consideration by virtue of minority or women-involvement factors, as required by law. About 61 percent of PTFP grants went to extend public broadcasting service in the few areas of the country yet unserved. When the projects funded are completed, public television service will be available to about 96 percent of the public, and public radio service to about 81 percent. A list of 1983 PTFP grants is set forth in Appendix C of this report. NTIA also participated actively in 1983 as a statutory member of the Temporary Commission on Alternative Financing for Public Telecommunications, established by the Public Broadcasting Amendments Act of 1981 (Public Law 97-35, section 1232). A separate NTIA statement supporting the use of limited advertising was submitted as part of the Temporary Commission's second required report, filed with Congress October, 1, 1983.

(5) Expert Technical Support and Policymaking Programs. NTIA's Institute for Telecommunication Sciences (ITS), headquartered in Boulder, Colorado, constitutes the principal Federal radio frequency research and technical assistance resource.

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ITS staff participates extensively in NTIA's policy formulation activities and provides essential technical and scientific support for both radio frequency management programs and U.S. participation in international radio conferences and other meetings. ITS officials chair working groups responsible for international radio and common carrier communications standards setting that function under the auspices of the International Consultative Committees on Radio and Telephone and Telegraph (CCIR and CCITT). In addition, ITS provides expert technical advice and assistance to other Federal agencies on a reimbursable basis.

In 1983, ITS provided necessary technical support for NTIA's participation in FCC proceedings addressing daytime-only broadcasting and ISDN standards development. ITS personnel and personnel from NTIA's Office of Policy Analysis and Development collaborated on information policy issues and analyses of domestic telephone rate developments. Essential technical support for U.S. participation in the World Administrative Radio Conference on High Frequency Radio was provided by ITS. In addition, ITS in 1982 undertook major research and expert technical assistance projects on a reimbursable basis for the Departments of Agriculture, Defense, State, and Transportation, as well as the National Aeronautics and Space Administration, the FCC, the U.S. Information Agency, and the Board for International Broadcasting. Other agency sponsored work undertaken by ITS contributed to efficient Government resource management and reduced unnecessary duplication of effort while at the same time reinforcing and supporting NTIA's overall telecommunications policy and spectrum management responsibilities.

Conclusion

NTIA intends in 1984 to continue its domestic and international policy development, radio frequency management, public telecommunications, and expert technical support programs. We stand ready to assist the Committee in its efforts in the communications field.

Sincerely,

David J. Markey

Enclosures

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Appendix A

NTIA Comments, Recommendations, and Other Pleadings

Calendar 1983

Jan. 13, 1983	Comments, Supporting Proposed Changes in Daytime-only Radio Regulations (FCC Docket No. BC 82-538).
Jan. 26, 1983	Comments, Recommending Changes in the Financial Interest and Syndication Rules (FCC Docket No. BC 82-345).
Feb. 14, 1983	Further Comments, on Daytime-only Radio Regulations (FCC Docket No. BC 82-358).
Mar. 25, 1983	Comments, Requesting Establishment of a New Fixed Service in the 900 MHz Band (FCC Docket No. GEN 82-243).
Apr. 5, 1983	Comments, Recommending Reduced Structural Constraints on Bell Operating Companies Participating in the Customer Premises, Enhanced Services, and Cellular Communications Markets (FCC Docket No. CC 83-115).
Apr. 26, 1983	Comments on the Joint Board's Implementation of a Universal Service Fund to Support High-cost Exchange Areas (FCC Docket No. CC 80-286).
Apr. 26, 1983	Reply Comments, Financial Interest and Syndication Rules Proceeding (FCC Docket No. BC 82-345).
May 19, 1983	Comments, Opposing Changes in the Cable Television "Must Carry" Rules Absent Fundamental Cable Copyright Changes (FCC Proceeding RM-3786).
May 25, 1983	Reply Comments, Reiterating Desirability of Reduced Constraints on Bell Operating Companies (FCC Docket No. CC 83-115).
Jun. 21, 1983	Comments, Recommending Careful Review of Proposals to Apply the Second Computer Inquiry Rules to International Services (Detariffing of International Enhanced Services) (FCC Proceeding RM-4435).
Jun. 27, 1983	Comments, Recommending Against Proposed Changes in U.S. Postal Service Regulations Concerning Electronic-Computer Originated Mail (E-COM)(U.S. Postal Service, no docket).
Jun. 30, 1983	Comments, Opposing Preemption of All State Regulation of Local Two-way Cable Television Services Absent Rulemaking (FCC Proceeding File No. CCB-DFD-83-1).
Jul. 8, 1983	Comments, Concerning Methods of Monitoring the Effects of Access Charges (FCC Docket No. CC 78-72, Phase IV).

Jul. 15, 1983	Further Comments, Regarding U.S. Government Fixed Service Requirements in the 900 MHz Band (FCC Docket No. GEN 82-243).
July 29, 1983	Comments, Concerning Deregulation and Registration of Digital Network Connection Terminal Equipment (FCC Docket No. CC 81-216 et al.)
Aug. 8, 1983	Reply Comments, Concerning Methodology of Monitoring the Effects of Access Charges (FCC Docket No. CC 78-72, Phase IV).
Aug. 12, 1983	Reply Comments, Preemption of State Cable Regulation (FCC Proceeding File No. CCB-DFD-83-1).
Aug. 19, 1983	Comments, Recommending Changes in INTELSAT Earth Station Ownership Regulations (FCC Docket No. CC 82-540).
Aug. 25, 1983	Comments, Supporting Changes in Rules Applying the Fairness Doctrine to Cable Television Systems (FCC Docket No. MM 83-331).
Sep. 6, 1983	Further Comments, U.S. Government Requirements in the 900 MHz Band (FCC Docket No. GEN 82-243).
Sep. 9, 1983	Comments, Concerning Government Participation in Pacific Basin International Facilities Planning (FCC Docket No. CC 81--343).
Sep. 16, 1983	Reply Comments, Earth Station Ownership (FCC Docket No. CC 82-540).
Sep. 19, 1983	Petition for Reconsideration, International Satellite Services to Bermuda (FCC Proceeding File No. I-T-C-3163 et al).
Sep. 22, 1983	Further Comments, Changes in Financial Interest and Syndication Rules (FCC Docket No. BC 83-345).
Oct. 6, 1983	Comments, Concerning the Impact of FCC Decisions on Local Phone Rates (the "Michigan Petition")(FCC Docket No. CC 83-788).
Oct. 12, 1983	Reply Comments, Application of Fairness Doctrine to Cable Television Systems (FCC Docket No. MM 83-331).
Oct. 24, 1984	Comments, Recommending More Careful U.S. Planning for and Participation in International Standards-setting for Integrated Services Digital Networks (ISDN)(FCC Docket No. CC 83-841).
Oct. 28, 1983	Petition for Reconsideration, Carrier Charges for Access to Local Facilities (FCC Docket No. CC 78-72, Phase I).
Nov. 17, 1983	Comments, Recommending Changes in Programming, Commercialization, Ascertainment, and Logging Rules Applicable to Commercial Television (FCC Docket No. BC 83-670).
Dec. [illegible] 1983	Reply Comments, ISDN Developments (FCC Docket No. CC 83-841).
Dec. 5, 1983	Reply Comments, Carrier Access Charges Reconsideration (FCC Docket No. CC 78-72, Phase I).
Dec. 19, 1983	Comments, Supporting GCI's Petition for Interim Relief from Alaskan Rate Integration (RM 4436).

Appendix B

SELECTED GOVERNMENT FREQUENCY

ASSIGNMENT DATA

as of (June 1983)

CODE	DEPARTMENT OR AGENCY	NUMBER OF ASSIGNMENTS	% OF GC MASTER F
A	AGRICULTURE	10740	5.70
AF	AIR FORCE	26665	14.1
AOTC	ARCHITECT OF THE CAPITOL	5	.0027
AR	ARMY	22713	12.05
AUSC	ADMIN OFC OF THE U.S. COURTS	5	.0027
C	COMMERCE	4477	2.37
CFTC	COMMODITY FUTURES TRADING COMMISSION	8	.0042
CG	COAST GUARD	9445	5.01
CIA	CENTRAL INTELLIGENCE AGENCY	293	.155
CPSC	CONSUMER PRODUCTS SAFETY COMMISSION	1	.0005
DOE	DEPARTMENT OF ENERGY	5984	3.17
EPA	ENVIRONMENTAL PROTECTION AGENCY	256	.1358
FAA	FEDERAL AVIATION ADMINISTRATION	25298	13.42
FCC	FEDERAL COMMUNICATIONS COMMISSION	773	.4102
FEMA	FEDERAL EMERGENCY MANAGEMENT AGENCY	942	.499
FHLB	FEDERAL HOME LOAN BANK BOARD	1	.0005
FMCS	FEDERAL MEDIATION CONCILIATION SERVICE	8	.0042
FRS	FEDERAL RESERVE SYSTEM	97	.0515
GAO	GOVERNMENT ACCOUNTING OFFICE	1	.0005
GPO	GOVERNMENT PRINTING OFFICE	3	.001(
GSA	GENERAL SERVICES ADMINISTRATION	527	.279
HHS	HEALTH AND HUMAN SERVICES	1451	.770(
HR	HOUSE OF REPRESENTATIVES	5	.002
HUD	HOUSING AND URBAN DEVELOPMENT	3	.001(
I	INTERIOR	13748	7.2
IBWC	INTL BOUNDARY & WATER COMMISSION	77	.040
ICC	INTERSTATE COMMERCE COMMISSION	1	.000
J	JUSTICE	14736	7.8
L	LABOR	86	.045
LC	LIBRARY OF CONGRESS	5	.002
N	NAVY	28752	15.2
NASA	NASA	1405	.745
NG	NON-GOVERNMENT	7543	4.0
NGAL	NATIONAL GALLERY OF ART	13	.006
NRC	NUCLEAR REGULATORY COMMISSION	256	.135
NS	NATIONAL SECURITY AGENCY	166	.088
NSF	NATIONAL SCIENCE FOUNDATION	151	.080
OA	OFFICE OF ADM-FOP	1	.000
OTA	OFFICE OF TECHNOLOGY AND ASSESSMENT	1	.000
S	STATE	153	.081
SC	SUPREME COURT	2	.001
SEC	SECURITIES & EXCHANGE COMMISSION	2	.001
SEN	U.S. SENATE	2	.001
SI	SMITHONSIAN INSTITUTION	124	.065
T	TREASURY	5537	2.9
TRAN	TRANSPORTATION	559	.2936
TVA	TENNESSEE VALLEY AUTHORITY	1371	.7275
USCP	U.S. CAPITOL POLICE	14	.0074
USIA	U.S. INFORMATION AGENCY	1018	.5402
USPS	U.S. POSTAL SERVICE	1090	.5784
VA	VETERANS ADMINISTRATION	1933	1.025

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Appendix C

PTFP GRANT AWARDS FOR FY '82

SERIAL NO.	ORGANIZATION	CITY	AWARD	TOT. PROJ. C
* AL				
3159CRB	University of Alabama	Birmingham	16387	21850
3274PRB	Alabama Educ. TV Commission	Birmingham	50000	50750
3292CTB	Alabama Educ. TV Commission	Birmingham	334269	522296
** SUBTOTAL **			400656	594896
* AZ				
3226CTB	Arizona State Univ/Bd of Regents	Tempe	579750	773000
** SUBTOTAL **			579750	773000
* CA				
3192CRB	Humboldt State University	Arcata	57184	77247
3279CRB	The University Foundation	Chico	86311	115082
3247CTB	Rural CA Broadcasting Corp.	Covati	124864	166486
3284CRB	California State University	Sacramento	4576	6101
3263CTB	San Diego State Univ. Foundation	San Diego	480000	640000
3040CRH	Broadcast Svcs. for the Blind	San Francisco	35561	47414
** SUBTOTAL **			788496	1052330
* CO				
3222CRB	The Colorado College	Colorado Springs	59868	81168
3152CRB	Western Colorado Public Radio	Grand Junction	162720	217062
3213CRB	CO Radio Info Service, Inc.	Greeley	9600	12800
3236CRB	Trustees for Univ Northern CO	Greeley	53031	70708
3211CRB	Five County Pub T/C NRP Project	Lake George	4950	6600
3148CRB	Denver Educ Broadcasting, Inc.	Littleton	228936	305249
** SUBTOTAL **			519105	693587
* CT				
3101CRB	Connecticut Educ T/C Corp	Hartford	57344	76459
** SUBTOTAL **			57344	76459
* FL				
3294CTB	WJCT, Inc.	Jacksonville	545000	726667
3295PRN	Latinos in Public Radio/FL Inc.	Lake Worth	20000	30000
3283CTB	Pensacola Junior College	Pensacola	769132	1025510
** SUBTOTAL **			1334132	1782177

* GA				
3127CRB	GA Public T/C Commission	Atlanta	314700	419690
3171CRB	West Georgia College	Carrollton	50000	66756
** SUBTOTAL **			364700	486446
* IA				
3030CRB	Univ. of Northern Iowa	Cedar Falls	30000	40000
3070CTB	State Educ Radio & TV Fac. Bd.	Des Moines	173400	231200
** SUBTOTAL **			203400	271200
* ID				
3012CRTB	State Board of Education	Boise	152895	203860
** SUBTOTAL **			152895	203860
* IL				
3002CTB	Chicago Educ. TV Association	Chicago	320250	427000
3219CRB	Northern Illinois University	DeKalb	183483	244645
3199CRB	Illinois Eastern Cmty. Colleges	Mt. Carmel	20000	27826
** SUBTOTAL **			523733	699471
* IN				
3154CTB	Trustees of Indiana University	Bloomington	274978	366638
3140CTB	Fort Wayne Public TV, Inc.	Fort Wayne	82170	109560
3034CTB	Metro. Indianapolis TV Assn, Inc	Indianapolis	229500	306000
3058CTB	Michigan Public Brdcstg Corp.	Mishawaka	27000	36000
3277CRB	Earlham College	Richmond	13754	27400
** SUBTOTAL **			627402	845598
* KS				
3191CTB	Washburn Univ. of Topeka	Topeka	186187	248250
3103CTB	Kansas Public T/C Service, Inc.	Wichita	146207	194943
** SUBTOTAL **			332394	443193
* KY				
3181CRB	Western Kentucky University	Bowling Green	36150	48200
3001CRB	Appalshop, Inc.	Whitesburg	91500	122000
** SUBTOTAL **			127650	170200

* LA					
3326CTB	Greater New Orleans Educ TV Fdn.	New Orleans		387300	516485
** SUBTOTAL **					
				387300	516485
* MD					
3253PRB	Univ of Maryland, Eastern Shore	Princess Anne		15000	15000
** SUBTOTAL **					
				15000	15000
* ME					
3043CTB	Colby-Bates-Bowdoin Educ. Corp.	Lewiston		739329	985772
3243CTB	University of Maine	Orono		306750	409045
** SUBTOTAL **					
				1046079	1394817
* MI					
3108CTB	Grand Valley State College	Allendale		175961	234615
3051CTB	Central Michigan University	Mt. Pleasant		780949	1127757
** SUBTOTAL **					
				956910	1362372
* MN					
3165CTB	West Central MN Educ TV Company	Appleton		742299	989733
3080CRB	Mankato State University	Mankato		20625	27550
3019CRB	Minnesota Public Radio, Inc.	St. Paul		289125	385500
3112CRB	Minnesota Public Radio, Inc.	St. Paul		104557	139410
3300PTB	Educational Cooperative Service	Staples		41000	41000
** SUBTOTAL **					
				1197606	1583193
* MO					
3205PTB	Ozark Public T/C, Inc.	Springfield		14475	14475
** SUBTOTAL **					
				14475	14475
* MT					
3346CRB	Blackfeet Media Inc.	Browning		204657	272877
3215CRB	Great Falls Public Radio Assoc.	Great Falls		98808	131745
** SUBTOTAL **					
				303465	404622
* NC					
3023CRB	Friends of Public Radio	Wilmington		205000	277053
** SUBTOTAL **					
				205000	277053

* NE				
3086CTB	University of Nebraska	Lincoln	259440	345920
** SUBTOTAL **			259440	345920
* NH				
3118CRB	Granite State Public Radio, Inc.	Concord	7762	10350
** SUBTOTAL **			7762	10350
* NM				
3262CRB	Regents of New Mexico State Univ	Las Cruces	18950	25267
3344CRB	Eastern New Mexico University	Portales	255000	340028
** SUBTOTAL **			273950	365295
* NV				
3321PRTB	Rural Television System, Inc.	Reno	100000	100000
** SUBTOTAL **			100000	100000
* NY				
3197CRB	SUETA, Inc.	Binghamton	114787	153050
3041CRB	St. Lawrence University	Canton	15859	21146
3018CRTB	Pub. Brdcstg. Council of Cen NY	Liverpool	124162	165550
3280CTB	Northeast NY Public T/C Council	Plattsburgh	245000	326667
** SUBTOTAL **			499808	666413
* OH				
3027CTB	Greater Cincinnati TV Educ. Fdn.	Cincinnati	157500	210000
** SUBTOTAL **			157500	210000
* OR				
3133CRB	State of Oregon	Ashland	5439	7253
3207CTN	Lane Community College	Eugene	38394	51192
3174CRB	State of Oregon	Portland	148287	197717
3357CRB	KBCO Foundation	Portland	10235	13647
** SUBTOTAL **			202355	269805
* PR				
3052CTB	Catholic Univ of Puerto Rico Asn	Ponce	89840	119787
** SUBTOTAL **			89840	119787

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* SC				
3179CRB	SC Educational TV Commission	Columbia	79841	106455
** SUBTOTAL **			79841	106455
* SD				
3117CRB	South Dakota Educ. TV Board	Vermillion	88399	118285
3136CRB	South Dakota Educ TV Board	Vermillion	46308	61745
** SUBTOTAL **			134707	180030
* TN				
3224CTB	Tennessee State Bd of Education	Knoxville	475252	661299
3097CRB	Memphis Community TV Foundation	Memphis	56520	84770
** SUBTOTAL **			531772	746069
* TX				
3063CTB	El Paso Public TV Foundation	El Paso	115000	158400
3318CRB	ETCOM, Inc.	El Paso	184200	245638
3038CRB	University of Houston	Houston	150000	200250
3056CTN	Region IV Educ. Service Center	Houston	328358	1054789
3209CTB	Central Texas College	Killeen	140000	205867
3315CRB	Texarkana Community College	Texarkana	99000	132082
** SUBTOTAL **			1016558	1997026
* UT				
3057CRTEN	University of Utah	Salt Lake City	808000	1258000
** SUBTOTAL **			808000	1258000
* VA				
3102CTB	Shenandoah Valley Educ. TV Corp.	Harrisonburg	70785	94381
** SUBTOTAL **			70785	94381
* VQ				
3095CTB	VI Public Television System	Charlotte Amalie	190000	255520
** SUBTOTAL **			190000	255520
* WA				
3214CRB	Public Radio for Okanogan Valley	Okanogan	4481	5975
3246CRB	University of Washington	Seattle	127702	170270
3158CRB	Pacific Lutheran Univ. Inc.	Tacoma	37030	49374
** SUBTOTAL **			169213	225619
* WV				
3088CRB	WV Educ Broadcasting Authority	Charleston	216141	288189
** SUBTOTAL **			216141	288189
* WY				
3143PRB	University of Wyoming	Laramie	24500	24500
3316PRB	Big Horn Basin Fdn for Pub Brdcs	Powell	24336	24336
3016CRB	Goshen Public Radio Committee	Torrington	6000	8000
** SUBTOTAL **			54836	56836
** TOTAL **			15000000	20956133

Mr. WIRTH. Mr. Markey, there has been a good deal of discussion about the relevant roles of the Commerce Department and the State Department in the formulation of international telecommunication policy, and you alluded to that very briefly at the end of your summary and comments.

Could you define for the record what you perceive to be the division of responsibility between NTIA at Commerce and the State Department?

Mr. MARKEY. Yes, sir, I would be happy to.

Under the Executive Order 12046, which I think probably it would be worthwhile to also submit for the record today, NTIA has the responsibility for presenting and developing domestic and international telecommunications policy. The State Department has the responsibility, as we see it, of being the major agency to conduct foreign relations, so that if we have questions in telecommunications where there is a foreign policy aspect, that would be a point where the State Department would come in and give us some input.

But in the main, we believe that Executive Order 12046 places with the Secretary of Commerce the responsibility for developing telecommunications policy. I might add that since it is in the Department of Commerce, we find that being close to the International Trade Administration, and being close to the economic affairs people is a great benefit in working on telecommunications issues because today there is such a large world market and the issues are more economic, probably than they are political in the telecommunications area. I think that is pretty much the way it breaks down.

[Executive Order 12046 referred to follows:]

[3195-01]

Executive Order 12046 March 27, 1978

Relating to the Transfer of Telecommunications Functions

By virtue of the authority vested in me by the Constitution and laws of the United States of America, including Section 7 of Reorganization Plan No. 1 of 1977 (42 FR 56101 (October 21, 1977)), the authority and control vested in the President by Section 2 of Executive Order No. 11556, as amended, Section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), and Section 301 of Title 3 of the United States Code, and as President of the United States of America, in order to provide for the transfer of certain telecommunications functions, it is hereby ordered as follows:

SECTION 1
Reorganization Plan

1-1. *Implementation of Reorganization Plan.*

1-101. The transfer of all the functions of the Office of Telecommunications Policy and of its Director, as provided by Section 5B of Reorganization Plan No. 1 of 1977 (42 FR 56101), is hereby effective.

1-102. The abolition of the Office of Telecommunications Policy, as provided by Section 3C of Reorganization Plan No. 1 of 1977, is hereby effective.

1-103. The establishment of an Assistant Secretary for Communications and Information, Department of Commerce, as provided by Section 4 of Reorganization Plan No. 1 of 1977, is hereby effective.

1-2. *Telecommunications Function.*

1-201. Prior to the effective date of Reorganization Plan No. 1 of 1977, the Office of Telecommunications Policy and its Director had the functions set forth or referenced by: (1) Section 1 of Reorganization Plan No. 1 of 1970 (5 U.S.C. App. II), (2) Executive Order No. 11556 of September 4, 1970, as amended (47 U.S.C. 305 note), (3) Executive Order No. 11191 of January 4, 1965, as amended (47 U.S.C. 721 note), (4) Executive Order No. 10705 of April 17, 1957, as amended (47 U.S.C. 606 note), and (5) Presidential Memorandum of August 21, 1963, as amended by Executive Order No. 11556 and entitled "Establishment of the National Communications System."

1-202. So much of those functions which relate to the preparation of Presidential telecommunications policy options or to the disposition of appeals from assignments of radio frequencies to stations of the United States Government were transferred to the President. These functions may be delegated within the Executive Office of the President and the delegations are set forth in this Order at Sections 3-1 through 4-3.

1-203. Those telecommunications functions which were not transferred to the President were transferred to the Secretary of Commerce. Functions transferred to the Secretary are set forth in this Order at Sections 2-1 through 2-5.

SECTION 2
Functions Transferred to Commerce

2-1. *Radio Frequencies.*

2-101. The authority of the President to assign frequencies to radio stations or to classes of radio stations belonging to and operated by the United States, including the authority to amend, modify, or revoke such assignments, was transferred to the Secretary of Commerce.

2-102. This authority, which was originally vested in the President by Section 305(a) of the Communications Act of 1934, as amended (47 U.S.C. 305(a)), was transferred and assigned to the Director of the Office of Telecommunications Policy by Section 1 of Reorganization Plan No. 1 of 1970 and Section 3 of Executive Order No. 11556.

2-103. The authority to assign frequencies to radio stations is subject to the authority to dispose of appeals from frequency assignments as set forth in Section 3-2 of this Order.

2-2. *Construction of Radio Stations.*

2-201. The authority to authorize a foreign government to construct and operate a radio station at the seat of government of the United States was transferred to the Secretary of Commerce. Authorization for the construction and operation of a radio station pursuant to this authority and the assignment of a frequency for its use can be made only upon recommendation of the Secretary of State and after consultation with the Attorney General and the Chairman of the Federal Communications Commission.

2-202. This authority, which was originally vested in the President by Section 305(d) of the Communications Act of 1934, as amended (47 U.S.C. 305), was delegated to the Director of the Office of Telecommunications Policy by Section 5 of Executive Order No. 11556.

2-3. *Communications Satellite System.*

2-301. Certain functions relating to the communications satellite system were transferred to the Secretary of Commerce. Those functions were delegated or assigned to the Director of the Office of Telecommunications Policy by Executive Order No. 11191, as amended by Executive Order No. 11556. The functions include authority vested in the President by Section 201(a) of the Communications Satellite Act of 1962 (76 Stat. 421, 47 U.S.C. 721(a)). These functions are specifically set forth in the following provisions of this Section.

(a) Aid in the planning and development of the commercial communications satellite system and aid in the execution of a national program for the operation of such a system.

(b) Conduct a continuous review of all phases of the development and operation of such system, including the activities of the Corporation.

(c) Coordinate, in consultation with the Secretary of State, the activities of governmental agencies with responsibilities in the field of telecommunications, so as to insure that there is full and effective compliance at all times with the policies set forth in the Act.

(d) Make recommendations to the President and others as appropriate, with respect to all steps necessary to insure the availability and appropriate utilization of the communications satellite system for general government purposes in conformance with Section 201(a)(6) of the Act.

(e) Help attain coordinated and efficient use of the electromagnetic spectrum and the technical compatibility of the communications satellite system with existing communications facilities both in the United States and abroad.

(f) Assist in the preparation of Presidential action documents for consideration by the President as may be appropriate under Section 201(a) of the Act, make necessary recommendations to the President in connection therewith, and keep the President currently informed with respect to the carrying out of the Act.

(g) Serve as the chief point of liaison between the President and the Corporation.

(h) The Secretary of Commerce shall timely submit to the President each year the report (including evaluations and recommendations) provided for in Section 404(a) of the Act (47 U.S.C. 744(a)).

(i) The Secretary of Commerce shall coordinate the performance of these functions with the Secretary of State. The Corporation and other concerned Executive agencies shall provide the Secretary of Commerce with such assistance, documents, and other cooperation as will enable the Secretary to carry out these functions.

2-4. *Other Telecommunications Functions.*

Certain functions assigned, subject to the authority and control of the President to the Director of the Office of Telecommunications Policy by Section 2 of Executive Order No. 11556 were transferred to the Secretary of Commerce. These functions, subject to the authority and control of the President, are set forth in the following subsections.

2-401. The Secretary of Commerce shall serve as the President's principal adviser on telecommunications policies pertaining to the Nation's economic and technological advancement and to the regulation of the telecommunications industry.

2-402. The Secretary of Commerce shall advise the Director of the Office of Management and Budget on the development of policies relating to the procurement and management of Federal telecommunications systems.

2-403. The Secretary of Commerce shall conduct studies and evaluations concerning telecommunications research and development, and concerning the initiation, improvement, expansion, testing, operation, and use of Federal telecommunications systems. The Secretary shall advise appropriate agencies, including the Office of Management and Budget, of the recommendations which result from such studies and evaluations.

2-404. The Secretary of Commerce shall develop and set forth, in coordination with the Secretary of State and other interested agencies, plans, policies, and programs which relate to international telecommunications issues, conferences, and negotiations. The Secretary of Commerce shall coordinate economic, technical, operational and related preparations for United States participation in international telecommunications conferences and negotiations. The Secretary shall provide advice and assistance to the Secretary of State on international telecommunications policies to strengthen the position and serve the best interests of the United States, in support of the Secretary of State's responsibility for the conduct of foreign affairs.

2-405. The Secretary of Commerce shall provide for the coordination of the telecommunications activities of the Executive Branch, and shall assist in the formulation of policies and standards for those activities, including but not limited to considerations of interoperability, privacy, security, spectrum use and emergency readiness.

2-406. The Secretary of Commerce shall develop and set forth telecommunications policies pertaining to the Nation's economic and technological advancement and to the regulation of the telecommunications industry.

2-407. The Secretary of Commerce shall ensure that the Executive Branch views on telecommunications matters are effectively presented to the Federal Communications Commission and, in coordination with the Director of the Office of Management and Budget, to the Congress.

2-408. The Secretary of Commerce shall establish policies concerning spectrum assignments and use by radio stations belonging to and operated by the United States. Agencies shall consult with the Secretary of Commerce to ensure that their conduct of telecommunications activities is consistent with those policies.

2-409. The Secretary of Commerce shall develop, in cooperation with the Federal Communications Commission, a comprehensive long-range plan for improved management of all electromagnetic spectrum resources.

2-410. The Secretary of Commerce shall conduct studies and make recommendations concerning the impact of the convergence of computer and communications technology.

2-411. The Secretary of Commerce shall coordinate Federal telecommunications assistance to State and local governments.

2-412. The Secretary of Commerce shall conduct and coordinate economic and technical analyses of telecommunications policies, activities, and opportunities in support of assigned responsibilities.

2-413. The Secretary of Commerce shall contract for studies and reports related to any aspect of assigned responsibilities.

2-414. The Secretary of Commerce shall participate with the National Security Council and the Director of the Office of Science and Technology Policy in carrying out their functions under Sections 4-1, 4-2, and 4-3 of this Order, and may perform specific staff services for them as requested.

2-5. *Consultation Responsibilities.*

2-501. The authority to establish coordinating committees, as assigned to the Director of the Office of Telecommunications Policy by Section 10 of Executive Order No. 11556, was transferred to the Secretary of Commerce.

2-502. As permitted by law, the Secretary of Commerce shall establish such interagency committees and working groups composed of representatives of interested agencies, and shall consult with such departments and agencies as may be necessary for the most effective performance of his functions. To the extent he deems it necessary to continue the Interdepartment Radio Advisory Committee, that Committee shall serve in an advisory capacity to the Secretary. As permitted by law, the Secretary also shall establish one or more telecommunications advisory committees composed of experts in the telecommunications area outside the Government.

SECTION 3

Functions Assigned to the Office of Management and Budget

3-1. *Telecommunications Procurement and Management.*

3-101. The responsibility for serving as the President's principal adviser on procurement and management of Federal telecommunications systems and the responsibility for developing and establishing policies for procurement and management of such systems, which responsibilities were assigned to the

Director of the Office of Telecommunications Policy subject to the authority and control of the President by Section 2(b) of Executive Order No. 11556, were transferred to the President.

3-102. These functions are delegated to the Director of the Office of Management and Budget.

3-2. *Radio Frequency Appeals.*

3-201. The authority to make final disposition of appeals from frequency assignments by the Secretary of Commerce for radio stations belonging to and operated by the United States, which authority was vested in the President by Section 305(a) of the Communications Act of 1934 (47 U.S.C. 305(a)) and transferred to the Director of the Office of Telecommunications Policy by Reorganization Plan No. 1 of 1970 (5 U.S.C. App. II), was transferred to the President.

3-202. This function is delegated to the Director of the Office of Management and Budget.

SECTION 4

Functions Assigned to the National Security Council and the Office of Science and Technology Policy

4-1. *Emergency Functions.*

4-101. The war power functions of the President under Section 606 of the Communications Act of 1934, as amended (47 U.S.C. 606), which were delegated to the Director of the Office of Telecommunications Policy by the Provisions of Section 4 of Executive Order No. 10705, were transferred to the President.

4-102. The Director of the Office of Science and Technology Policy shall prepare to direct the exercise of these functions, and the National Security Council shall prepare to exercise appropriate policy direction, should the President so instruct. These instructions would be given in accordance with the National Emergencies Act (90 Stat. 1255, 50 U.S.C. 1601).

4-103. The Director of the Office of Science and Technology Policy shall prepare Presidential policy options with respect to the evaluation by appropriate means, including suitable tests, of the capability of existing and planned communications systems to meet national security and emergency preparedness requirements, and report the results and any recommended remedial actions to the President and the National Security Council.

4-2. *National Communications System.*

4-201. The responsibility for policy direction of the development and operation of a National Communications System, which was assigned to the Director of the Office of Telecommunications Policy by the Presidential Memorandum of August 21, 1963, as amended by Executive Order No. 11556, was transferred to the President.

4-202. The function is more particularly identified, and is delegated to the National Security Council, in the amendments made by Section 6-101 of this Order to the President's Memorandum of August 21, 1963.

4-3. *Planning Functions.*

4-301. The function of coordinating the development of policy, plans, programs, and standards for the mobilization and use of the Nation's telecommunications resources in any emergency, which function was assigned to the

Director of the Office of Telecommunications Policy subject to the authority and control of the President by Section 2(h) of the Executive Order No. 11556, was transferred to the President.

4-302. The National Security Council shall assist the President in the performance of this function.

SECTION 5

Related Telecommunications Functions

5-1. *The Department of Commerce.*

5-101. The Secretary of Commerce shall continue to perform the following functions previously assigned by Section 13 of Executive Order No. 11556:

(a) Perform analysis, engineering, and administrative functions, including the maintenance of necessary files and data bases, as necessary in the performance of assigned responsibilities for the management of electromagnetic spectrum.

(b) Conduct research and analysis of electromagnetic propagation, radio systems characteristics, and operating techniques affecting the utilization of the electromagnetic spectrum in coordination with specialized, related research and analysis performed by other Federal agencies in their areas of responsibility.

(c) Conduct research and analysis in the general field of telecommunications sciences in support of assigned functions and in support of other Government agencies.

5-102. The Secretary of Commerce shall participate, as appropriate, in evaluating the capability of telecommunications resources, in recommending remedial actions, and in developing policy options.

5-2. *Department of State.*

5-201. With respect to telecommunications, the Secretary of State shall exercise primary authority for the conduct of foreign policy, including the determination of United States positions and the conduct of United States participation in negotiations with foreign governments and international bodies. In exercising this responsibility the Secretary of State shall coordinate with other agencies as appropriate, and, in particular, shall give full consideration to the Federal Communications Commission's regulatory and policy responsibility in this area.

5-202. The Secretary of State shall continue to perform the following functions previously assigned by Executive Order No. 11191, as amended:

(a) Exercise the supervision provided for in Section 201(a)(4) of the Communications Satellite Act of 1962, as amended (47 U.S.C. 721 (a)(4)); be responsible, although the Secretary of Commerce is the chief point of liaison, for instructing the Communications Satellite Corporation in its role as the designated United States representative to the International Telecommunications Satellite Organization; and direct the foreign relations of the United States with respect to actions under the Communications Satellite Act of 1962, as amended.

(b) Coordinate, in accordance with the applicable interagency agreements, the performance of these functions with the Secretary of Commerce, the Federal Communications Commission, other concerned Executive agencies, and the Communications Satellite Corporation (see 47 U.S.C. 731-735). The Corporation and other concerned Executive agencies shall provide the Secre-

tary of State with such assistance, documents, and other cooperation as will enable the Secretary to carry out these functions.

5-3. *General Services Administration.* The Administrator of General Services shall coordinate with the Secretary of Commerce, the Director of the Office of Science and Technology Policy, and the National Security Council the development of policies, plans, programs, and standards for the emergency use of telecommunications.

SECTION 6

General Provisions

6-1. *Transfer Provisions.*

6-101. In order to reflect the transfer and assignment made by Section 5B of Reorganization Plan No. 1 of 1977 and Section 13 of this Order, the President's Memorandum of August 21, 1963, entitled "Establishment of the National Communications System" (28 FR 9413, 3 CFR 1959–1963 Compilation) as amended by Section 8 of Executive Order No. 11556, is further amended as follows:

(a) Delete the first paragraph after the heading "Executive Office Responsibilities" and substitute therefor:

> "The National Security Council shall be responsible for Presidential policy options concerning the development and operation of the National Communications System (NCS) and shall:".

(b) Delete the last two paragraphs in that part of the memo headed "Executive Office Responsibilities" and substitute therefor:

> "In performing these functions, the National Security Council will consult with the Secretary of Commerce, the Director of the Office of Management and Budget, the Director of the Office of Science and Technology Policy, and the Administrator of General Services, as appropriate; will establish arrangements for interagency consultation to ensure that the NSC will meet essential needs of all government agencies; and will be responsible for carrying on the work formerly done by the Subcommittee on Communications of the Executive Committee of the National Security Council. In addition to staff regularly assigned, the National Security Council and the Director of the Office of Science and Technology Policy may arrange for the detail or temporary assignment of communications and other specialists from any agency.
>
> "The Director of the Office of Management and Budget, in consultation with the National Security Council, the Secretary of Commerce, the Administrator of General Services, and the Executive Agent of the NCS, will prescribe general guidelines and procedures for reviewing the financing of the NCS within the budgetary process and for preparation of budget estimates by participating agencies.".

(c) In the paragraph after the heading "Agency Responsibilities", delete "Director of the Office of Telecommunications Policy" and substitute therefor "National Security Council."

6-102. The primary responsibility for performing all administrative support and service functions that are related to functions transferred from the Office of Telecommunications Policy and its Director to the President, including those functions delegated or assigned within the Executive Office of the President, are transferred to the Office of Administration. The Domestic

Policy Staff shall perform such functions related to the preparation of Presidential telecommunications policy options as the President may from time to time direct.

6-103. The records, property, personnel, and unexpended balances of appropriations, available or to be made available, which relate to the functions transferred, assigned, or delegated as provided in this Order are hereby transferred as appropriate.

6-104. The Director of the Office of Management and Budget shall make such determinations, issue such orders, and take all actions necessary or appropriate to effectuate the transfers or reassignments provided in this Order, including the transfer of funds, records, property, and personnel.

6-2. *Amendments.* In order to reflect the transfers provided by this Order, the following conforming amendments and revocations are ordered:

6-201. Section 306 of Executive Order No. 11051, as amended, is further amended to read:

"Sec. 306. *Emergency telecommunications.* The Administrator of General Services shall be responsible for coordinating with the National Security Council in planning for the mobilization of the Nation's telecommunications resources in time of national emergency.".

6-202. Executive Order No. 11490, as amended is further amended by:

(1) substituting "National Security Council" for "Office of Telecommunications Policy (35 FR 6421)" in Section 401(27), and

(2) substituting the number of this Order for "11556" and deleting references to Executive Order No. 10705 in Sections 1802 and 2002(3).

6-203. Executive Order No. 11725, as amended, is further amended by substituting the number and date of this Order for the reference to Executive Order No. 11556 of September 4, 1970 in Section 3(16).

6-204. Executive Orders No. 10705, as amended, No. 11191, as amended, and No. 11556, as amended, are revoked.

6-3. *General.*

6-301. All Executive agencies to which functions are assigned pursuant to this Order shall issue such rules and regulations as may be necessary to carry them out.

6-302. All Executive agencies are authorized and directed to cooperate with the departments and agencies to which functions are assigned pursuant to this Order and to furnish them such information, support and assistance, not inconsistent with law, as they may require in the performance of those functions.

6-303. (a) Nothing in this Order reassigns any function assigned any agency under the Federal Property and Administrative Services Act of 1949, as amended, nor does anything in this Order impair the existing authority of the Administrator of General Services to provide and operate telecommunications services and to prescribe policies and methods of procurement, or impair the policy and oversight roles of the Office of Management and Budget.

THE PRESIDENT

(b) In carrying out the functions in this Order, the Secretary of Commerce shall coordinate activities as appropriate with the Federal Communications Commission and make appropriate recommendations to it as the regulator of the private sector. Nothing in this Order reassigns any function vested by law in the Federal Communications Commission.

6-304. This Order shall be effective March 26, 1978.

Jimmy Carter

THE WHITE HOUSE,
March 27, 1978.

[FR Doc. 78-8494 Filed 3-28-78; 1:12 pm]

Mr. WIRTH. Mr. Leland has to go to another hearing of the Health Subcommittee, and I am going to come back to this, if I might, Mr. Markey, because I think there is a lot of confusion in your answer. I think there is a lot of confusion in the communications allocation of responsibility.

Let me ask Mr. Leland if he has any questions.

Mr. LELAND. Thank you, Mr. Chairman. I have a couple of questions, Mr. Markey, before I leave, and I apologize for having to leave.

As the executive branch agency responsible for the formulation and presentation of domestic and international telecommunication policies, have you examined the practice of the three television networks of conducting exit polls and reporting results to the electorate prior to the closing of the reopened polls?

Mr. MARKEY. Mr. Leland, we haven't done a lot of research into that issue, and let me just say I don't know that there is an administration position on exit polls, but I personally believe that anything that tends to limit or to prevent people from voting or tends to give them the excuse not to vote is something that we ought to be very concerned about. My own feeling is that the networks should report facts where there are facts. Where there are results there is no question about that. They should report results; but they shouldn't be in the business, in our judgment, of fabricating facts in the sense of making facts through the use of exit polls.

I am very concerned that by use of these exit polls we do discourage people from voting, and I don't think that is something that is in the public interest. Obviously there is a question of whether this is a first amendment issue, or whether it violates the first amendment rights of the networks. Our feeling is that it isn't. We are not telling them they can't report facts. They can report facts as soon as they have them.

As a matter of fact, we are not telling them they can't do anything. But I think they should understand that there is concern in the Government. I know this subcommittee has expressed concern

about it on several occasions, and I personally feel that concern is justified.

Mr. LELAND. Have you communicated this to the White House?

Mr. MARKEY. No, sir, I have not.

Mr. LELAND. Will you?

Mr. MARKEY. I would be happy to, if you would like me to.

Mr. LELAND. I would love for you to.

Mr. WIRTH. Can we get your position on exit polls and early election returns to the committee? When can we have that?

Mr. MARKEY. Are you saying as an administration position? We would have to send it through the normal clearance procedures.

Mr. WIRTH. How long do you think that would take?

Mr. MARKEY. Probably a week or 10 days. We will see if we can do that.

Mr. WIRTH. You think we could have that in a couple of weeks?

Mr. MARKEY. I will certainly try.

Mr. WIRTH. When is the Texas primary?

Mr. LELAND. May 5. We have a problem in Texas because. Texas exists in two time zones and if there is statewide reporting by the networks on the basis of exit polls, people in the western portion of the State possibly would not go to the polls to vote for the candidate of their choice.

Mr. WIRTH. Is Texas only two time zones?

Mr. MARKEY. Let me make clear that those thoughts are my own thoughts and they haven't been cleared through the OMB process or through the administration's process, and whether they will agree with me I don't know. They disagreed with me before, and they may not hesitate to do so again. But I would be happy to see if we can get a position on that.

[The following letter was submitted for the record:]

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Communications and Information
Washington, D.C. 20230

May 16, 1984

Honorable Timothy E. Wirth
Chairman, Subcommittee on Telecommunications,
Consumer Protection, and Finance
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

At NTIA's recent oversight and reauthorization hearings, Congressman Leland inquired of the Administration's views on national television network "exit polling" and the early airing of projected Federal election results. As you know, controversy has arisen regarding such projections, particularly when they are broadcast in the East well in advance of the closing of polls in the West.

The Administration does not believe this is a problem that should be addressed now either through additional Federal legislation or the promulgation of special Federal Communications Commission regulations. By the same token, we share many of the Subcommittee's concerns and do not believe it desirable for projected Federal election results to be broadcast when there is reason to believe it has an adverse effect on voter turnout. There is a strong public interest in encouraging citizens to vote, since exercise of this right is the cornerstone of our democracy, and action that tends to discourage it should be avoided.

It is true that in some nations, such as Canada, there are government rules regarding such television programs and projections. Given our strong national commitment to free speech and First Amendment principles, however, adoption of such measures here, in our view, would be unwise at this time.

What is desirable is the exercise of reasonable discretion and self-restraint on the part of broadcast journalists generally. My understanding is that network executives testifying before the Subcommittee recently on the issue of exit polls and early election projections stated that they were sensitive to the problems past practices may have caused. I think we have already seen some action in response to this concern. Voluntary action, not Government coercion, seems to us to be the appropriate course. If future experience demonstrates the inadequacy of this approach to ensure the integrity of our Federal electoral process, Congress might then appropriately consider the need for any remedial legislation consistent with Constitutional limitations. We believe, however, that the best course of action at this time is to rely on the informed good judgment of television network journalists and management personnel.

I trust that this is responsive to Congressman Leland's concerns. The Office of Management and Budget has advised that there are no objections to the submission of this letter to the Subcommittee on this topic.

Sincerely,

David J. Markey

Mr. LELAND. I appreciate your expression of your opinion here on the record.

It costs NTIA approximately $700,000 to administer the public telecommunications facilities program, funded at approximately $13 million per year. There is considerable interest in expanding this program to approximately $50 million. While I know that you would disagree with the proposed expansion, could you evaluate your resource needs in the event that the program increases to the $50 million level called for in the bill pending in the Senate?

Mr. MARKEY. Well, as you pointed out, we feel that the program has pretty well served its purpose. We would just as soon not have anything for that, but if, in fact, it does go to $50 million, I would think that we would need some additional funds to administer the program. I asked one of my staff people last night, because we thought this might come up, and he says that generally what we have seen is that the administrative costs have run around 5 percent of the amounts that have been granted. That would be a rule of thumb.

I am not sure exactly what that comes to in terms of dollars, but again I suspect we would need a few additional people because I know our people right now are stretched pretty thin to get all the paperwork done in time to get these grants out in the summer of the year, before the end of the fiscal year.

Last year we did a very good job of that, and I think they were done in July. And again this year I think we can handle it and get it done. But if we had a doubling or tripling or more of the applications that we have to deal with, I suspect that maybe some additional funds would be necessary, yes, sir.

Mr. LELAND. Thank you.

Mr. Chairman, I apologize that I have to leave.

Mr. Markey, I look forward to spending more time with you and discussing these matters.

Mr. MARKEY. We would like to do that.

Mr. LELAND. Thank you, Mr. Chairman.

Mr. WIRTH. Thank you very much, Mr. Leland.

Let me go back to the facilities program. You say that, in your opinion, the program has served its purpose. What does that mean, Mr. Markey?

Mr. MARKEY. Well, it is our view that originally the program was to extend service to people who did not receive public broadcasting service. From the statistics that we have seen we have now reached such a vast number of people in this country through public broadcasting that it seems to us, as a matter of fact a study by our IG at Commerce seems to indicate, that the cost-benefit of continuing the program would not be worthwhile.

Mr. WIRTH. Could we have those numbers from your Inspector General?

Mr. MARKEY. We will be happy to provide those to you.

[Testimony resumes on p. 48.]

[The following material was submitted for the record:]

REPORT ON REVIEW
OF THE PUBLIC TELECOMMUNICATIONS FACILITIES PROGRAM
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
IAD-X-127-02-6000-83-008

Executive Summary

Further funding of the Public Telecommunications Facilities (PTF) Program is not cost effective. At least $12 million will be saved, with little adverse impact, if the Program were to be discontinued after fiscal year 1983.

The National Telecommunications and Information Administration (NTIA), through its administration of the PTF Program, has substantially achieved the main objective established by the Public Telecommunications Financing Act of 1978. The Act requires NTIA, through matching grants for planning and construction, to extend the delivery of public telecommunications services to as many citizens of the United States as possible by the most efficient and economical means. When the facilities presently planned or under construction are completed, public telecommunications facilities will be available to 97 percent of the population in the United States.

Spending additional funds to extend public broadcasting into areas not presently served or scheduled to be served is uneconomical. The three percent of the population that would be reached generally are located in remote, sparsely populated areas. Facilities constructed to serve such areas result in very high per-person costs. Moreover, the per-person costs will rise at a sharply increasing rate as attempts are made to serve fewer and fewer people.

Public telecommunications facilities, once constructed, must be operated and maintained. Thus, the ability of public television or radio stations to sustain operations over time is critically important. However, PTF Program funds may not be generally used for this purpose. Income from subscribers and contributors is therefore a key factor in continuing operations of such facilities. Although public television is now available to more than 200 million Americans, less than one percent contribute to its support. The ratio is even less for public radio. It appears doubtful whether public telecommunications facilities — television or radio — can become self-sustaining in remote, sparsely populated areas.

Accordingly, we recommended that the Assistant Secretary for Communications and Information encourage the efforts of the Administration and the Congress to terminate the PTF Program as soon as possible. However, should the program continue, we have identified actions which NTIA officials can take to strengthen internal management controls over the PTF Program. These actions should provide for more efficient, economical and effective accomplishment of the Program's legislative goals.

INTRODUCTION

The Office of Audits, Office of the Inspector General, U.S. Department of Commerce, has completed a review of the National Telecommunications and Information Administration's (NTIA) Public Telecommunications Facilities (PTF) Program. The audit was performed under the authority of the Inspector General Act of 1978 and Department Organization Order 10-13, dated May 22, 1980.

PURPOSE AND SCOPE

The purpose of our audit was to determine the extent to which NTIA had achieved the main objective of the PTF Program to extend public telecommunications services to as much of the population of the United States as feasible. We also evaluated the costs associated with carrying out the PTF Program and whether it will be cost-beneficial to continue. Our review covered the period from 1978, when the program was transferred to the Department of Commerce, through fiscal year 1982, the end of the last complete grant funding cycle. Our examination included a review of appropriate records and documents. We held discussions with appropriate NTIA officials. We also obtained analytical materials from and held discussions with officials from the Corporation for Public Broadcasting and the Bureau of the Census. Our audit was performed at NTIA Headquarters, Washington, D.C.

BACKGROUND INFORMATION

The Congress in 1962 enacted the Educational Television Facilities Act (ETFA) which established the Educational Television Facilities Program in the Department of Health, Education, and Welfare (HEW) to provide matching funds for the construction and improvement of noncommercial television stations. At that time, 76 television stations were on the air serving less than 25 percent of the American people. Over the next five years, Federal matching grants helped to extend public television to nearly 60 percent of the population. In 1967, Congress enacted the Public Broadcasting Act of 1967, which expanded the purpose of the facilities program by providing Federal support for noncommercial radio broadcast as well as strengthening existing facilities. By 1978, public television service was available to 89 percent of the population and public radio was available to 65 percent of the population.

The Public Telecommunications Financing Act of 1978 retitled the Educational Television Facilities Program to the Public Telecommunications Facilities (PTF) Program and transferred the program from HEW to the Department of Commerce. The NTIA was assigned the responsibility for administering the PTF Program. The Act requires NTIA, through matching grants for planning and construction, to extend the delivery of public telecommunications services to as many citizens of the United States as possible by the most efficient and economical means, including the use of broadcast and nonbroadcast technologies. Important, but subordinate, objectives include (a) increasing public telecommunications services and facilities available to, operated by, and owned by

minorities and women, and (b) strengthening the capability of existing public television and radio stations to provide public telecommunications services to the public. The Public Broadcasting Amendments Act of 1981, while relaxing constraints on grantee equipment use and leasing, did not substantially alter the PTF Program.

Since enactment of the ETV'A in 1962, through 1978, HEW had obligated approx-- imately $151 million for public broadcast facilities expansion and improvement. Since 1978, when responsibility was transferred to the Department of Commerce, the NTIA has awarded 621 PTF Program grants totaling nearly $80 million:

Fiscal Year	Number of Grants	Dollar Amount
1979	148	$18.4 million
1980	186	23.7
1981	161	19.6
1982	126	18.0
Total	621	$79.7 million

Fiscal year 1983 grants are expected to total $15 million. Authorization for the PTF Program expires after fiscal year 1984.

In March 1981, the President transmitted a proposed recission of budget authority to Congress calling for a $25.7 million reduction in spending authority to terminate the facilities program. Congress disapproved the Administration's recission proposal.

MILLIONS OF DOLLARS COULD BE SAVED IF CONGRESS WOULD DISCONTINUE FUNDING THE PUBLIC TELECOMMUNICATIONS FACILITIES PROGRAM

SUMMARY

Future funding of NTIA's PTF Program to further extend public broadcasting into areas not presently served will not be economical. Moreover, the PTF Program, in the future, may also be ineffective in significantly expanding public broadcasting services because of factors outside of NTIA's control. The PTF Program, administered by the Department of Commerce pursuant to the Public Telecommunications Financing Act of 1978, has been successful in making public broadcast facilities available to approximately 95 percent of the citizens of the United States. Millions of dollars could be saved if Congress would discontinue funding the PTF Program.

RECOMMENDATION

We recommended that the Assistant Secretary for Communications and Information encourage the efforts of the Administration and the Congress to terminate the PTF Program as soon as possible.

AGENCY REACTIONS

The Assistant Secretary for Communications and Information agreed with our recommendation. He informed us that the NTIA has been successful in achieving a decrease of almost nine million dollars from fiscal year 1981 through fiscal year 1983. The Congress has authorized an additional three million dollar reduction for fiscal year 1984. Efforts will continue to achieve termination of the program.

DETAILS OF CONDITION

The Public Telecommunications Financing Act of 1978 (P.L. 95-567) requires NTIA, through use of matching grants for the planning and construction of public telecommunications facilities, to extend delivery of public telecommunications services to as many citizens of the United States as possible by the most efficient and economical means, including the use of broadcast and nonbroadcast technologies. Important, but subordinate, objectives relate to increasing women and minority participation in public broadcasting and upgrading existing public telecommunications services.

The PTF Program Has Been Successful

The NTIA, through its administration of the PTF Program, has substantially achieved the main objective established by the Public Telecommunications Financing Act of 1978. The facilities program, when carried out by HEW, helped increase public television coverage from 25 percent of the population in 1962 to about 85 percent of the population in 1978 when the Public Telecommunications Financing Act transferred the program to the Department of Commerce. As of October 1982, the end of the last complete grant funding cycle, public television was being received by 92 percent of the U.S. population. Additional facilities planned or under construction will increase public television coverage to 94 percent of the population. While the percentage of coverage was

supplied by PTF Program officials, at least one independent source corroborates that estimate and indicates that the percentage of population covered may be even higher. A January 1979 study done by Statistical Research, Inc. indicated that only three percent of the population who have televisions did not have available local public television reception. However, some of these viewers reported receiving public television either by cable or through reception of a distant station outside the local area of reception. Consequently, only two percent of the population who have televisions were found, by the study, to have no public television available in their area of residence.

According to the Arbitron List of television markets, the top 200 markets contain 97 percent of the U.S. population. All but 13 of these markets have at least one public television station, either in operation, under construction, or in planning. NTIA, in fiscal year 1983, is focusing efforts and expanding service to these remaining unserved markets. While these 1983 grants will undoubtedly result in increased population coverage, the increased coverage was not determined by us. Estimates by NTIA officials range up to 97 percent coverage. Thus, the PTF Program has realistically met the main objective of the Act to extend public telecommunications services, represented by public television, to as many citizens of the United States as possible by the most economical means.

The Act also requires NTIA to increase public telecommunications services and facilities available to, operated by, and owned by minorities and women. This objective has been addressed by NTIA by giving priority consideration to applications which would increase minority and women's ownership of, operation of, and participation in public telecommunications entities. During the three fiscal years ending 1981, NTIA reported that over 200 grants were awarded for this purpose. The growth of minority and women involvement in public broadcasting has been creditable. For example, the Corporation for Public Broadcasting (CPB), in March 1981, reported that as of January 1980, female and minority employees accounted for 51.7 percent of all full-time employees of CPB-licensed public television and radio stations. By comparison, minority and female employees comprised 35.4 percent of full-time employees in 1972. Moreover, women and minority officials and managers comprised 34 percent of all officials and managers at these stations. The employment pattern indicates that the rate of growth for women and minorities in public television and radio was substantially greater than the rate of growth of total U.S. private sector employment over the past six year period. Estimates of minority and women ownership were not available.

The PTF Program Will Not Be Economical In The Future

Approximately five percent of the population is not served by public broadcast facilities. Fiscal year 1983 PTF program grants will slightly lower the percentage. NTIA data for public television and radio coverage in the United States clearly illustrates that public television or radio covers a preponderant portion of the United States. However, seemingly vast uncovered areas of the western United States are for the most part only sparsely populated, with the pockets of heavy population able to directly receive public broadcast signals and with many more communities having cable systems to bring in broadcasting signals. Because the remaining population resides largely in less populated

areas of the country, primarily the west-central states, it will not be economical to extend coverage beyond that which will be accomplished with fiscal year 1983 grants.

Our analysis of preliminary 1980 Census data for selected states having large areas reported as uncovered is illustrative of the problem which population distribution patterns pose for further extension of public broadcasting. For example, the state of Utah, having a population of 1.46 million persons, has an overall population density of 17.8 persons per square mile. However, the area surrounding and including Salt Lake City, while containing only 22 percent of the land area of Utah, contains 85 percent of the State's population. This area, which is covered by public television and radio, has a population density of 69 persons per square mile. The remainder of the State, reported as uncovered by public broadcast, has a population density of only 3.4 persons per square mile.

An additional example, using the state of Utah, serves also to illustrate the problem of reporting coverage statistics, and shows how NTIA's population coverage statistics for public television are understated. Reported statistics are for public television broadcast stations only. NTIA's October 1982 Plan for Public Telecommunications Facilities cites the specific instance of KUED-TV in Salt Lake City, Utah. Coverage statistics show that only a small portion of the northern part of the state is covered. KUED's signal, however, is carried throughout Utah and parts of adjacent states through 60 translators. A translator is a facility for the reception of a broadcast station's signal and re-transmission at low power on a different channel. In addition, KUED's signal is carried on 36 cable systems in the intermountain area. In this example, the full audience served by KUED, while unknown, will be considerably greater than population coverage statistics demonstrate.

When facilities are constructed in less-populated areas, the costs are spread over fewer households resulting in high per-person costs. Moreover, the per-person costs will increase at an increasing rate as attempts are made to serve fewer and fewer people. Diminishing returns result as high coverage percentages are attained. For example, a television transmitter, costing five million dollars and located in Cincinnatti, Ohio, would serve 840,000 persons. The per-person cost would be six dollars. A similar transmitter, still costing five million dollars, but serving the 25,000 residents of Big Spring, Texas, for example, would have a per-person cost of $200. The adverse effects of population distribution patterns are compounded when one considers that, at most, only 18,000 residents of Big Spring will ever tune to a public television station, and less than 300 of the 25,000 residents will ever contribute to station operations.

As important as constructing a television station is, equally important is the ability of a television station to sustain operations. Such assistance is beyond the scope of the PTF Program. Replacement of essential equipment, if it means the community would lose its public broadcast facility, is one priority of the program. However, most equipment and indirect project costs beyond the basic complement of outfitting a station are ineligible for grant funding. Thus, income from subscribers and individual contributors is important to the continuing operations of public television stations. For example, in 1978,

total broadcasting income for public television from all sources was $501.7 million. Of that amount, 12.2 percent was raised from 2.1 million subscribers and individual contributors. Thus, while public television is estimated to be available to 213 million Americans, less than one percent financially contributed to sustain television operations. Thus, it is doubtful that sparsely-populated areas can sustain public television stations on an ongoing basis.

The potential for future growth of public radio appears to be best for those areas already covered by public television. Thus, to the extent that public radio expands in areas already covered by public television, the objective of expanding coverage of public telecommunications services, as contemplated by the law, will not be furthered. The problems of expanding public radio into areas presently unserved by any public telecommunications services remains the same as for public television. The cost of extending public radio coverage through construction of a new radio station capable of local origination costs less than one-fifth as much as its television counterpart. Thus, it is possible that public radio may offer smaller communities the possibility for public telecommunications services not possible by public television. However, such opportunities are limited. Radio stations constructed in remote, sparsely populated rural areas probably cannot become self-sustaining. For example, of $97 million total income for the Public Radio System in 1979, only 9.5 percent was raised through subscribers and individual contributors. These contributions were attracted from a mere 487,000 persons nation-wide.

The PTF Program May Not Be Effective in the Future

The high cost of public broadcast facilities precludes the economical expansion to less-densely populated urban areas, such as Big Spring, Texas. However, as consideration extends beyond these "population pockets," and into the sparsely-populated rural areas of the west, public broadcast service will be prohibitively costly. We estimate that for rural areas of western states which, in terms of land area, are largely uncovered (there are ten states), population densities average less than five persons per square mile. Five states (Nevada, Montana, Wyoming, Utah, and New Mexico) have rural population densities of three persons or less per square mile. The NTIA estimates that, nation-wide, three percent of the U.S. population live in areas having population densities of less than four persons per square mile. In our opinion, it is unlikely that these areas can support the high costs of constructing and operating public broadcast facilities on a continuing basis.

In addition to problems associated with population distribution patterns and the high cost of public broadcast services, several significant technical factors interact to affect expansion into the remaining rural areas. These factors are largely beyond the control of NTIA. Such inhibiters include commercial sector development and bargaining agreements and contracts. Technological innovation in communications has had profound effects on the public broadcasting industry, particularly on the way it delivers program services. The former land interconnection system has been replaced by a satellite system. New communications technologies also expanded the scope of public broadcasting to include nonbroadcast services, such as cable, recorded audio and video cassettes and discs, microwave, and translators. However, future expansion of such nonbroadcast technologies is predicated largely upon commercial-sector development. Even after such technologies have been developed and have gained wide acceptance by users, these nonbroadcast distribution methods to extend

public telecommunication will require, to some extent, changes in individual or collective bargaining agreements and contracts. These agreements and contracts are with the Writers Guild, Directors Guild, American Federation of Musicians, as well as individual talent contracts with major artists. Where it is possible to renegotiate these agreements or contracts to secure rights to these distribution media, substantial payment for these rights may be required.

Another inhibiting factor is the reduced number of applications being sent to NTIA for first service assistance. The Act requires that no less than 75 percent of funds appropriated shall be available to extend delivery of public telecommunication services to areas not receiving such service. In fiscal year 1982, about 67 grants were awarded for new service assistance. This number of grants represents a reduction of 38 grants from the 105 grants awarded for such assistance in fiscal year 1980. For fiscal year 1983, NTIA has planned a "National Outreach Strategy" to solicit applications from unserved areas. The success of this effort could not be determined at this time.

An additional inhibiting factor is the difficulty for potential public television viewers to receive UHF signals. Two-thirds of public television stations operate on the UHF band. A significant factor which makes it difficult to receive UHF signals is the noise level figure, a measure of television receiver performance, presently set at 18 decibels by the FCC. The FCC has the authority to lower this figure and is considering proposals to do so. It was stated in a House report that better spectrum management and reception standards, for which the FCC has primary responsibility, may do more to make public broadcasting more widely available than substantial Federal grants for transmitters and increased power.

Similarly, an impediment to further expansion of public radio, includes restrictive Federal Communications Commission (FCC) regulations. In theory, there are an infinite number of public radio broadcast stations which could be activated. However, under existing FCC rules governing FM adjacent channel separation (approximately 95 percent of all public radio stations operate in the FM band), population coverage is estimated to be limited to 80.6 percent. Proposals to revise adjacent channel separation, once adopted, would increase the number of available channels and would allow greater population coverage. Even then, however, NTIA officials estimate that increases in public radio coverage will be only minimal. As of October 1982, public radio could be received by 75 percent of the population. Facilities planned or under construction will increase public radio coverage to 80 percent.

While the PTF Program has served as an important catalyst in the expansion of public television and radio, it has been and remains a relatively minor source of funding for public telecommunications. Tax-based revenues have been, and will undoubtedly remain an important funding source for public broadcasting. However, Federal funding for public broadcasting has been only modest, about 25 percent; and, after adjusting for inflation, has been declining in recent years. The PTF Program constitutes a very small part (2.5 percent) of total funds for public broadcasting. The 1981 income for public television and radio broadcasting is shown in the following table.

Public Broadcasting Income
Fiscal Year 1981
(Dollars in Millions)

Income Sources	Amount	Percent
Federal Government:		
Corporation for Public Broadcasting	$162.0	21.1%
PTF Program	19.6	2.5
Other Federal Government	12.1	1.6
Total Federal Government	$193.7	25.2%
Non-Federal, Tax-Based (includes state and local governments)	277.5	36.1
Non-Federal, Non-Tax-Based (includes Foundation, Business and Subscriber)	297.7	38.7
TOTAL	$768.9	100.0%

We estimate that at least $12 million can be saved by terminating the PTF Program after fiscal year 1983. The program is authorized through fiscal year 1984; with $12 million authorized for fiscal year 1984. Fiscal year 1984 appropriations up to the amount authorized could be thus saved.

GRANT PROCESSING CYCLE

SUMMARY

In fiscal year 1982, the processing cycle began in March with the publication in the Federal Register of the Notice of Closing Date and the requests for applications. Applications were due within 60 days of publication. Thus, from early May until September 30, the end of the fiscal year, only five months were available for the evaluation of applications and the award of the grants. Five months may not permit sufficient time for processing applications. For example, in fiscal year 1981, grants were not awarded until December 1981, over two months after the end of the fiscal year. In fiscal year 1982, the grants cycle was completed prior to September 30, 1982, but did not allow sufficient time for consideration by the Department's Financial Assistance Review Board, the Office of Inspector General, and the Office of Financial Assistance. The result was an "administrative hold" being placed on fiscal year 1982 grant awards.

Obviously, the evaluation of grant applications in a timely manner is central to the grants process. While many opportunities undoubtedly exist to streamline the process, we see two possibilities for achieving significant efficiencies and economies. First, consideration should be given to publication in the Federal Register, early in the fiscal year, of the Notice of Closing Date and the requests for applications. More time allotted to applicants for filing could result in higher quality applications received, thereby requiring less staff time to request additional information from applicants. Also, more staff time would be available to evaluate applications.

RECOMMENDATION

We recommended that the Assistant Secretary for Communications and Information publish the Notice of Closing Date in the Federal Register and request applications early in the fiscal year.

AGENCY REACTIONS

The Assistant Secretary for Communications and Information agreed with the recommendation and advised that in fiscal year 1984, the Notice will be published on October 3, 1983 — 33 days earlier than the previous fiscal year. The notice will require that applications be received by January 16, 1984.

FIELD READER PANELS

SUMMARY

We believe the use of field reader panels to augment evaluation of applications is unnecessary. Over the years, the PTF Program has employed field readers (not used in fiscal year 1981) to evaluate the merits of each applicant's proposal. The panel of field readers is made up of non-Governmental technical reviewers who are nationally recognized in the field of public telecommunications and whose expertise include management, engineering, production, and programming. The panel generally consists of about 35 readers, meeting about nine hours per day for five days. Each application is reviewed by three separate field readers.

The three reviews of each application by the field readers are neither the first nor the last review each application receives. The first review of each application is done by the staff immediately after receipt. The applications are reviewed, summarized, evaluated for completeness and eligibility, and assigned priorities. Complete descriptions of applications are written and forwarded for review and comment to the Federal Communications Commission, Corporation for Public Broadcasting, National Public Radio, Public Broadcasting Service, and state agencies. After the field readers' review, all eligible proposals receive an engineering review by the PTF program staff. The use of field readers to assist in the evaluation of applications is not required either by legislation or regulation. The purpose of the field readers' review is to evaluate applications against written criteria contained in 15 CFR 2301. In our opinion, the professional staff could do the job as well as the field readers and could certainly do it at less cost. Also, the field readers may introduce inappropriate personal bias into the evaluation process. Not only would the funds used to pay the field readers be saved — about $30,000 in fiscal year 1982 — but staff utilization would be enhanced by spacing out the evaluations and concentrating on those applications which are the most promising.

RECOMMENDATION

We recommended that the Assistant Secretary for Communications and Information discontinue using field reader panels to evaluate and score PTF Program applications.

AGENCY REACTIONS

The Assistant Secretary for Communications and Information agreed with our recommendation and advised that the use of field readers has been discontinued. The professional staff is now doing the application evaluations.

GRANT SELECTION DOCUMENTATION

SUMMARY

Some awards were made to applicants having numerical ratings lower than some other applicants who were not funded and had higher numerical ratings. The rationale for these decisions was not documented at the time the applications were reviewed, although the rationale was subsequently provided at our request. We realize that field readers' evaluations and attendant numerical ratings are advisory in nature and that other factors bear on the final decision, which belongs to the Assistant Secretary. However, by not documenting selection decisions, the Assistant Secretary is vulnerable to charges of appearance of conflict of interest, political favoritism, and violations of OMB Circular A-123 on Internal Controls. For these reasons, selection decisions should be documented at the time the decisions are made.

RECOMMENDATION

We recommended that the Assistant Secretary for Communications and Information document the rationale for grant selection and funding decisions at the time the decisions are made.

AGENCY REACTIONS

The Assistant Secretary for Communications and Information agreed with our recommendation. He informed us that grant files for fiscal year 1983 were reviewed to ensure proper documentation.

GRANT MONITORING

SUMMARY

Stronger action is required to ensure that grantees continue to meet eligibility requirements. PTF Program grantees are required by law to file status reports for each of ten years after completion of the funded project. The grantees, in their annual reports, certify that they continue to meet program eligibility requirements. Failure to comply with program requirements can result in grant termination and repayment of funds provided under the grant.

In our December 1979 report on Survey of Grant Administration, Public Telecommunications Facilities Program, we reported, among other things, that a substantial number of grantees were not consistently submitting annual status reports. We also reported, at that time, that NTIA's procedures did not provide for verification that the information reported in the status reports is accurate. While our report contained many recommendations for strengthening the program, all recommendations have been closed except one. We recommended that the Director, PTF Program, develop a system whereby information reported in the annual status reports is verified for accuracy.

Central to grants monitoring by NTIA is obtaining assurances that grantees are operating in compliance with Federal laws, 15 CFR 2301, and OMB Circulars A-102 and A-110, as appropriate. Accordingly, Attachment I of OMB Circular A-102 and Attachment H of OMB Circular A-110 require Federal sponsoring agencies to make site visits as frequently as practical to (1) review program accomplishments and management control systems and (2) provide technical assistance, if needed. Thus, NTIA program officials, in conjunction with these site visits, should verify that information reported in the annual status reports is accurate.

An NTIA official indicated that grant monitoring was transferred to the Office of the Secretary pursuant to a Memorandum of Understanding (MOU) between NTIA and the Office of the Secretary on Centralization of Grant Administrative Services in fiscal year 1982. Our review of that MOU, however, shows that the services provided by the Office of the Secretary do not include monitoring program functions. We reported these results to the Director, Office of Policy Coordination and Management in a Memorandum dated February 22, 1983. Because the conditions noted prior to our 1979 report were serious and remains uncorrected, we reaffirm our recommendation.

RECOMMENDATION

We recommended that the Assistant Secretary for Communications and Information develop a system whereby information reported in the grantees' annual status reports is verified for accuracy.

AGENCY REACTIONS

The Assistant Secretary for Communications and Information generally agreed with our recommendation. He stated that a comprehensive study of the Program is being conducted to recommend improvements in grant processing and monitoring procedures.

We appreciate the cooperation and courtesy offered by NTIA's personnel during our audit.

[The following letter was submitted in response to the Department of Commerce "Report on Review."]

National Association of Public Television Stations

Suite 300 21 Dupont Circle, N.W.
Washington, D.C. 20036 (202) 887-1700

May 16, 1984

The Honorable Timothy E. Wirth
Chairman
Subcommittee on Telecommunications,
Consumer Protection and Finance
U.S. House of Representatives
2454 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I appreciate the opportunity to provide for the record further information about the need for a continuing and vital Public Telecommunications Facilities Program (PTFP), as provided in H.R.5541--the legislation you introduced to reauthorize Federal support for public broadcasting. Public television stations are grateful for your leadership in bringing this crucial bill forward, and look forward to its early adoption by the House.

In NAPTS' testimony before your Committee on H.R.5541, we described why Federal matching help, via PTFP, is so important to our not-for-profit industry, and how public television will apply its own and PTFP resources to our capital equipment needs of nearly $200 million per year. And we provided a detailed analysis of these needs.

But, I want to address several points which have been raised or implied by the Administration as reasons to terminate PTFP. Many of these points were made to the Committee in testimony by the National Telecommunications and Information Administration (NTIA), in the Department of Commerce, which now operates the Facilities Program.

The Administration has said that the work of the PTFP matching grant program is completed because most American citizens can now receive public broadcasting. While the program is indeed performing well on this element of its charter, the work is not over when significant numbers of people cannot enjoy public television (est. 5-10%) or public radio (est. 18-25%). All taxpayers help pay for it; they deserve our best efforts to have them share in its benefits.

There are also two other parts of the PTFP mandate, however, which the Administration does not address: to increase the participation of minorities and women, and to "strengthen the

capability of existing public television and radio stations to provide public telecommunications services to the public." This work is not completed either. Both of these require continued Federal attention, as part of the national policy to contribute to the growth and development of public television and radio for our people.

H.R.5541 removes an impediment to the successful support of these objectives, and will help the program operate more effectively. It will lift the requirement that 75% of PTFP funds be spent on extension of service to new areas, although the bill properly, we believe, retains that as the most important priority. If this were unchanged, then the Secretary of Commerce--who may exercise great discretion in making grant awards--might at some point become concerned about being 'required' to spend on 'marginal' new stations. But, given the recent history of unfunded grant applications, and the demand for service which exists, we know that this is not the case now. Moreover, with this change in statute, it will not be the case in the future either.

With regard to PTFP's support for broadcast stations generally, the NTIA has argued that they are "inefficient" and that there is considerable "duplication" of service because of "overlapping" signals. Putting aside NTIA's own recognition that broadcasting is and should be based on the concept of local service--ensured, in public television's case, by independent local stations--the Administration implies that it is the Facilities Program which is fostering this 'inefficiency.' Nothing could be further from the truth, as any analysis of the Program's history will show.

PTFP is a matching grant program, designed to give Federal support to communities and organizations which must prove, in advance, that sufficient local resources are available before a grant is made. NTIA funds are available only for equipment, and not for the more expensive land and buildings--these must be financed 100% by others. NTIA does not pay for regulatory engineering, although it can contribute to planning studies if it thinks the situation warrants it in keeping with national policy. NTIA requires coordination with state and local agencies to ensure against duplication of effort or unwarranted, unsupportable new services. In addition, NTIA has full discretion and responsibility to determine what the match of local Federal funds will be--up to a maximum of 75% Federal only when circumstances can justify it. Finally, NTIA may grant PTFP funds where they are required; there are no longer any restrictions or requirements about maximum grant amounts for a particular State or Territory.

NTIA also says broadcast signal overlap is evidence of unnecessary 'duplication' of service. There are 304 public television transmitting stations operated by some 174 licensees--providing services which originate in every State and Territory except one (Montana). While these outlets do not reach all citizens, they are designed and built to provide a quality broadcast signal to as many people as possible. In order to cover a geographic area completely, the physics of broadcasting require some overlap. In general, when States or other licensees set out to provide public television to a large area--often with the help of PTFP--they set careful plans to minimize overlap, and very often rely on translators and repeaters rather than full service stations to extend the signal. NTIA also knows that nearly two-thirds of all public television stations operate on UHF channels. The handicap in signal propagation associated with UHF always requires particular attention to pockets of weak signal (sometimes in the middle of the service area!), due to rough terrain, buildings, large bodies of water, etc. Of course, there are also communities--especially large cities--where more than one station is both affordable and desirable. When such cities prove they can support these outlets, which provide considerably different program services, they have been and will be established--sometimes under the same licensee, sometimes under a new one. But PTFP does not 'promote' them any more than it does single stations.

If NTIA knows of some better means of providing public television's distinctive services to the country, and not excluding people because of means or geography, we have not heard it. Public television stations are the key element in America's non-commercial television system. They are the guarantors that public television remains independent, serves the community of license, and keeps the 'public' in public television. They are major sources of program ideas, talent, and creativity. They are the primary source for private and local financial support of the public television system; they are the fundraisers who have a stake in the very communities they serve. But like all non-profits, sizable capital costs for new stations, and for new or enhanced equipment, is extraordinarily difficult to aggregate. The availability of competitive matching funds from PTFP is one important means to resolving part of this problem.

Public television stations are not static institutions. Their non-commercial programs and services are improving and expanding, with the help of new technologies and greater support and expectations from their communities. In the difficult financial situation in which they regularly operate, PTFP helps make this continued growth and development possible. In turn, this leads to greater audience appreciation and public support. That has been the history of the industry, and we expect it can continue as we strive to fulfill the potential of the medium.

I hope these observations are helpful and again thank you for your support of public broadcasting.

Sincerely,

Peter M. Fannon
Acting President

Mr. WIRTH. What do those numbers suggest, Mr. Markey?

Mr. MARKEY. Well, it suggests that in an area where you have a very sparse number of citizens that could be covered by new public broadcasting facilities, that it would cost so much per individual that it does not make much sense for the Federal Government to continue.

Mr. WIRTH. What percentage of people in the country now are able to receive public television, do you know?

Mr. MARKEY. I think it is well over 90 percent.

Mr. WIRTH. How about public radio?

Mr. MARKEY. Public radio I think is a little less than that. I think it is in the eighties—84, 85 percent. There is an argument about those figures, I might add, and our figures tend to be higher than some others and it is because we include people who are on cable systems and can view public television through that medium as being reached by public television.

Mr. WIRTH. There is also some controversy about the public radio figures, is that right?

Mr. MARKEY. There is controversy about everything in this town.

Mr. WIRTH. The conventional wisdom on public radio is about two-thirds of the country's population is reached, is that correct?

Mr. MARKEY. That is not our conventional wisdom. I think our figures show well over 80 percent, and again, as I understand it, in some cases the only public radio or public broadcasting facilities that are counted by some people are those that are involved with CPB in some respect. We count all stations, even some that aren't involved.

Mr. WIRTH. Could we have those figures for the record from you?

Mr. MARKEY. Yes, sir.

Mr. WIRTH. The reason I am asking is it seems to many individuals that 100 percent of the people in the country pay taxes.

Mr. MARKEY. Well, maybe there are other ways to provide them this service. As one of my people suggested it might be cheaper to go out and buy everybody a VCR, but that is facetious. I shouldn't say that.

Mr. WIRTH. How does a VCR provide everybody with "All Things Considered.

Mr. MARKEY. It doesn't.

Mr. WIRTH. Could we get your analysis of how these people might be served, assuming that people in rural America, or the State of Mississippi, or the State of Iowa, or the Rocky Mountains, or whatever, are also paying taxes. Why shouldn't they be beneficiaries of public radio or public television?

Mr. MARKEY. Well, we would like to see them be beneficiaries.

Mr. WIRTH. Well, how can you say that the program has served its purpose? You all recommend every year that we ought to zero out the Facilities Program, even though everybody in the country isn't served by a facility and does not have access to public broadcasting. I don't understand how, if you say you want to have everybody served, you can say that the program served its purpose.

Mr. MARKEY. We think that it gets to a point where it would cost so much to serve these additional people that it probably just doesn't make sense. And it seems to me that there are certain areas of the country where if you did try to serve them you would

be setting up a system that couldn't support itself, No. 1. You would continually have to pour in public funds to keep the system going. There would probably be no other source of revenue. You would not have enough of a base to keep the broadcasting station going.

Mr. WIRTH. Wouldn't you make the same argument about rural mail service, rural electrification, or rural highways?

Mr. MARKEY. Probably not.

Mr. WIRTH. Those are subsidized areas—rural electrification and rural mail—aren't they? If you follow that logic, you are going to say we are not going to bother to have rural electrification any longer in a large part of America.

Mr. MARKEY. No, sir, I think it would depend on the value that you put on the service.

Mr. WIRTH. So you don't put a high value on public broadcasting and you do put a high value on rural electrification.

Mr. MARKEY. I put a higher value on rural electrification.

Mr. WIRTH. How about rural mail?

Mr. MARKEY. Yes, sir.

Mr. WIRTH. Rural highways are more important?

Mr. MARKEY. Yes, sir.

Mr. WIRTH. Can you give us an analysis of how you rank rural electrification or rural highways? You are getting on awfully thin ice I am sure you know.

Mr. MARKEY. I am sure you could. There are a lot of things that we could provide to a lot of people that would cost an awful lot of money, and everybody has a different view on the value of those items. Electric service is something that we all agree that everybody should get. Just as telephone service is something we agree on that everybody should have available to them.

I feel a lot less strongly about public broadcasting, quite honestly. I don't feel that it is the kind of necessary thing that people can't get along without. As a matter of fact, if you look at the ratings for public broadcasting, there are an awful lot of people that do very well without it even in areas that are now served. So it is a placing of priorities, and I guess that is part of Government. You have to decide where you are going to put your resources.

Mr. WIRTH. You have got to determine Government by popularity ratings?

Mr. MARKEY. By ratings, no, sir.

Mr. WIRTH. In looking at alternatives for the delivery of public broadcasting you said that there may be alternative ways of doing it. Could you provide us again with how else that might be done without facilities?

Mr. MARKEY. Well, again we were looking at things like cable and possibly either——

Mr. WIRTH. Isn't cable pretty expensive?

Mr. MARKEY. It can be. But the value of cable is that you can get something besides just the public broadcasting service. You might be able to support it because people would be willing to pay for the additional programming that comes along with cable.

Mr. WIRTH. Would you like to provide through public facilities, public funding for cable television, then?

Mr. MARKEY. No, I am not suggesting that.

Mr. WIRTH. For underserved areas?

Mr. MARKEY. Well, as a matter of fact, we have done some of that through this program, yes, sir.

Mr. WIRTH. Is that the way we ought to deliver public broadcasting into underserved areas or unserved areas?

Mr. MARKEY. If that is a way that makes sense, yes, sir. If we can do it along with other services through the provision of cable, it might make sense to do it that way rather than construct a new public broadcasting facility. If the cable system can support itself through providing data services, for instance, or providing other programming that people are willing to pay for, HBO or something else, then you could provide the public broadcasting along with that and it might be much more economical than building a public broadcasting station.

Mr. WIRTH. We appreciate getting that analysis. Perhaps our staffs can work together and we can understand what your position is in terms of the delivery of services to unserved areas and what the economic alternatives are.

Mr. MARKEY. We would be happy to work with you on that.

Mr. WIRTH. We would like to see everybody in the country served. If we are going to have public broadcasting, I think it is only fair that everybody have the opportunity to have access to public broadcasting, and not just those who happen to be in affluent areas or those who happen to be in concentrated areas.

Mr. MARKEY. Well, we would agree with that. We certainly wouldn't limit it to affluent or just urban, but we think there are some pockets.

Mr. WIRTH. Unfortunately, that is what has happened. It is the underserved areas that tend to be less affluent and tend to be more rural in nature. Those don't get served and that is the reason we have had various kinds of subsidy programs for those kinds of areas in the country, which we have done for a long, long time.

Mr. Tauke.

Mr. TAUKE. Thank you, Mr. Chairman.

Mr. Markey, I apologize for not being here to hear your testimony. I have had an opportunity to review during the course of the last few moments some of your comments.

Let me pick up for just a minute on this facilities issue which the chairman was just discussing. I, too, have a great concern in ensuring that we have adequate public broadcast facilities across the country. My own State of Iowa has done, I think, a very good job of attempting to reach all citizens, but yet our Iowa public broadcasting network is still not heard throughout the State. And I would second what the chairman has said relating to the necessity for improving our facilities in order to reach all citizens.

But beyond that I have two other concerns relating to facilities. The first is that it occurs to me that there is an ongoing need for maintenance of the system and the development of the new technologies that are available within that system, and I wonder if you could comment on the ability of the public broadcasting services to maintain their facilities without some kind of support through the facilities fund.

Mr. MARKEY. Well, I guess it would pretty much go system by system or station by station. Some public stations seem to be well

supported by their local communities. They seem to be well supported by States and State funding so I would suspect that those programs would be able to exist without it. The others, I just don't know.

I don't know what kind of shape they would be in. We would hope that what would happen in these instances is that there would be enough public support in the communities to provide the operating expenses.

This program originally intended to get these stations started, not to provide operational expenses. But, of course, if the Congress decides that is the way you want it done, we are certainly going to do our best to administer the program and do it the way you intend. I want to make that clear.

Mr. TAUKE. In the administration of the program, now, do you use any of the funds for replacement of existing facilities?

Mr. MARKEY. We do, yes, sir.

Mr. TAUKE. What is a typical lifespan of a facility that might serve our Public Broadcasting System?

Mr. MARKEY. There are all kinds of equipment, of course, in these facilities, and I guess each piece of equipment would have a little different lifespan. Let me get you a response to that, or I could ask Dennis. Let me ask Dennis Connors to respond to that.

Mr. TAUKE. Let us say if we build a system in Iowa in 1960, pulling a date out of the air, when do we have to begin to make some significant investments again in order to maintain or replace that facility.

Mr. MARKEY. Dennis Connors runs the program for us and knows a lot more about it than I do.

Mr. WIRTH. Would you come up to the table, Mr. Connors.

Mr. CONNORS. The criteria that we use to fund the program, what we generally use, is we try to fund equipment that would last at least 10 years. Some equipment will last longer than 10 years, but we try to make grants where the equipment will last approximately 10 years, which covers the Federal interest.

Mr. TAUKE. In addition, let me ask one more followup question. How old are most of the facilities across the country? I know that is a difficult question to ask in general.

Mr. CONNORS. Well, since the program has been transferred to NTIA in 1979, I believe we have handed out almost one-half of the money ever appropriated under the program. There has been about a quarter of a billion dollars that the Federal Government has authorized for this program. About $110 million has been appropriated thus far to the program, and of that amount, I think that there is over $20 million that has been obligated, but has not been drawn down on by the grantees themselves that is still in the pipeline.

Some of the equipment hasn't even been bought yet.

Mr. TAUKE. Let me approach this from another way then. If you were going to give an assessment as to the state of the public broadcast facilities across the country and give an assessment of the condition of those facilities, what would you say?

Mr. CONNORS. Last year in priority 2, which is replacement of essential equipment, we gave $5 million worth of grants and I believe that pretty well matched the need in the priority 2 area where the

stations had documented whether they had significant maintenance problems or whether they could have gone off the air if the condition persisted.

Mr. TAUKE. I don't know if you have the information, but if you do have information which could give us some indication as to the condition of the facilities, how old the equipment might be and what kind of expenditures we might expect the public broadcasting stations would have to make during the next 5 to 10 years in order to maintain their facilities, I think that would be helpful to us in making a judgment on this issue.

Mr. CONNORS. The indications would be from the grant application that we have been receiving and our evaluation of them. I think that $5 million is about the level that we have right now.

Mr. MARKEY. We will try to get you some information on that.

Mr. TAUKE. I would appreciate that. [See p. 70.]

There is a third area then in relation to facilities that I think is important and that is this: We often think about the facilities program as serving only the public broadcast needs of the Nation. I have felt that the program should be looked at in a broader scope providing public telecommunications services in a larger sense. In my own State of Iowa, we have attempted to develop and are in the process of developing a fairly good, I think, telecommunications network to service the State government, and some of the community colleges, for example, have developed some excellent telecommunications facilities in order to serve rural communities in surrounding areas so people don't have to travel back and forth to the main campus.

What is the present attitude of NTIA toward these kinds of programs and toward the use of facilities' funds to support this kind of telecommunications effort?

Mr. MARKEY. Let me say that I don't think that they are the top priority of things that we look at. This year we have about $12 million, and most of the funds we will try to give for the purpose that we feel that they were intended, which is to extend service into unserved areas——

Mr. TAUKE. For broadcast services in unserved areas?

Mr. MARKEY. Yes, for broadcast services in unserved areas and to upgrade equipment and provide those who do need some replacement funds. Right now, while I think it is eligible under the program, I don't think that it has been among the top priorities.

Mr. TAUKE. I am not that familiar with the statute. Is there priority established within the statute of broadcast facilities first and other kinds of services second?

Mr. CONNORS. If I can answer again.

The statute asks us to extend public telecommunications facilities throughout the United States and we have established the priority for extending facilities. Whether those "first service" facilities are broadcasting or nonbroadcasting technologies, I think they could be considered priority 1, the highest priority in the program. The other type of technologies that you mention have been funded in each of the years that the facilities program has been around.

Mr. TAUKE. Do you have any indication of what the need might be for those other kinds of facilities?

Mr. MARKEY. Well, just through the applications that we get. I don't know. What is the percentage of applications that we get for that kind of facility?

Mr. CONNORS. I think there are about 15 applications in the pipeline this year for essentially instructional television.

Mr. MARKEY. Out of about 300.

Mr. TAUKE. So it is a relatively small percentage of applications that come in for nonbroadcast kinds of facilities?

Mr. CONNORS. Yes, and they will usually propose service to be provided with some other type of telecommunications group in the area.

Mr. TAUKE. I know I am over time and I have one more question, if I can get the indulgence of the chairman and my colleagues.

From time to time, the U.S. Government instructs Comsat on how to vote on certain issues before the Intelsat Board. Does NTIA help formulate the instructions for Comsat?

Mr. MARKEY. Yes, sir. There are three agencies that are involved in that process: the FCC, the State Department and NTIA.

The State Department has the responsibility of issuing the instructions. As a matter of fact, we have had some concerns about the instructional process. We met yesterday with the FCC, the State Department, and with Comsat to begin to discuss those concerns because as we see the world evolving, we think it is going to be increasingly difficult for Comsat to continue to fulfill its role as it has in the past. Changes in the competitive nature of telecommunications may demand that. So we are going to begin this process.

We have already started, to look at the instructional process and see if it does need some change. It may be that we cannot change it within the executive branch. It may be that there needs to be change in the enabling act, the 1962 Communications Satellite Act. We have begun to look at that and I would say I hope within the next couple of months we will have some better information and some ideas about what needs to be done with respect to the instructional process.

Mr. TAUKE. I am concerned that this is being looked at. Right now, how are the instructions developed? Do you sit down with the FCC? Do you make some recommendations separately from the FCC? Is this done privately, formally, informally, publicly? How does it work?

Mr. MARKEY. It is a very informal process. I think we can say that, but generally it has worked pretty well as I understand it. I have just been associated with it within the last year or so, but within the last 15, 18, 20 years, that it has been in existence, it seems to have worked pretty well. Usually what happens is that Comsat will meet with the representatives of the three agencies and sit down and talk about what is coming up in the meeting that we are providing instructions for. I understand those meetings are very detailed. I haven't been to one myself, but I have promised them that I would like to go to one in the very near future so I can see how it proceeds.

One of the problems with the present instructional process is that there is no formal way for outsiders, others who have an interest in the process, to get information into the process and that is

one of the things that we are going to be looking at. It is a concern, I think, of all of us that possible competitors or those who are interested in the way satellites are spaced or positioned, for instance, should have some way to get that concern into the process.

Right now we are more than willing to talk to anyone who has any concerns about it. Before the last meeting, I think we received a few letters from people who had concerns and we factored that into our comments, but there is no formal process. It has been a fairly collegial kind of effort, but it seems to have worked.

Mr. TAUKE. If the NTIA or the FCC disagree now on what happens——

Mr. MARKEY. You try to work it out. That is what happens. We have had cases where we have had general disagreements. Generally, where we have had those disagreements, we have been able to work it out in the end, but disgreement is certainly possible. As a matter of fact, I think we had a case recently where at least one of the three agencies wanted to instruct Comsat with respect to certain things that we, at least, did not feel should have been in the instructions and that is the only place or the only time that I know of where the process broke down a little bit. I think one of the reasons it broke down was that the people who are usually involved in it were out of town and in Geneva working on other things, both from our side and on the side of the State Department and a couple of things fell through the cracks, I believe.

Mr. TAUKE. When the FCC looked at this, they suggested that Congress amend the Satellite Act which, of course, is under the jurisdiction of our subcommittee to make it clear that Comsat is legally bound by any instruction that the Government issues. Do you think that is desirable?

Mr. MARKEY. I don't know, but I think that is one of the issues that we are going to be looking at. It is one of the questions that came up yesterday in our meetings with Comsat. Possibly it is. I just don't have enough information yet and I don't know enough about the process and how that would impact on their ability to be effective within the Intelsat structure. I think we do have to be concerned about Comsat and with the way this process has worked and we are going to give them opportunities to participate.

Mr. TAUKE. Is there any method by which our subcommittee can be informed of the progress of the discussions that you have with the FCC?

Mr. MARKEY. Well, we would be happy, at least for my part, I would certainly be happy to keep you advised as to what is going on. If you feel like you wish to send a representative to participate in any of these meetings as an observer, probably initially, we would certainly be pleased to have them.

Speaking for NTIA—I can't presume to speak for the FCC or the State Department. They may have different views—but I think this is a process that we all ought to be interested in and I don't see any reason why it should be a closed process. I think everybody who has a view ought to be able to express it here. So that would be fine with me.

Mr. TAUKE. Well, thank you, Mr. Markey, for your answers and for your cooperation on a variety of things in the past.

Thank you, Mr. Chairman, for your time.

Mr. WIRTH. Thank you, Mr. Tauke.

Mr. Oxley.

Mr. OXLEY. Thank you, Mr. Chairman.

Mr. Markey, you had a colloquy with the chairman earlier about cable and I think the chairman indicated that, at least in his opinion, cable could be quite expensive. It has been my feeling all along that cable, or at least basic cable, is relatively inexpensive when we look at the entire spectrum of opportunities that the consumer has and I am wondering if you would share that feeling. Would you care to comment about cable, where it is going, or where you perceive it is going, and whether it has gotten to the point of being prohibitively expensive.

Mr. MARKEY. I guess it depends on where you are trying to construct it as to whether it has been prohibitively expensive or not. In rural areas, and again this is my personal view, I have always been of the view that we ought to allow telephone companies to provide that kind of service. They can now, but they go through a waiver process at the FCC. My own feeling is that the more we do to encourage local telephone companies to get into that business, maybe the better off we are going to be. They do have a responsibility to serve these communities with telephone service and with the advances in technology, in the future, I think it would be easy for them to also provide cable television service and extend public broadcasting to people who do not now receive it. It would seem to me that it makes more sense to do it that way, if there are people who are willing to provide that kind of service.

As to the present state of the cable industry, I think we share some of the concerns of the subcommittee about cable and some of the problems that they seem to be having in continuing to move ahead. This is a large industry now. It serves 30 million American homes, but it could be even larger and we have supported efforts in the Congress, particularly the Senate bill we supported, to try to alleviate some of the overregulation in the cable industry. I am sure that we would hope that the House would also come up with a piece of legislation that we could support.

Mr. OXLEY. Which leads me to the next question.

Does the NTIA have a particular position on H.R. 4103 which is the bill currently pending before our committee?

Mr. MARKEY. Well, no, sir. I don't think we do. I think what we are waiting for is to see the final version of the legislation and then I think that the administration would take a position on it. As I say, I would hope that it would be the kind of legislation we could support and I have no reason to think that it would not. We think that effort to provide a new structure for the regulation of cable is an important one and we support that effort.

Mr. OXLEY. In getting back to the cost factor, cable is still a medium of choice, is it not? I think you and I share the same basic philosophical feeling that cable is a good service but, indeed, it is still a service of choice. It is not a necessity like electricity, for example.

I don't think any of us have gotten to the position where we see cable as a necessity. It also seems to me that in the overall scheme of things, those who subscribe to cable have certain choices within the cable network. They can subscribe to basic cable, which is rela-

tively inexpensive. I think in my area, for example, basic cable is $11 or $12 a month, maybe not even that much. And then, of course, they have the opportunity to continue to drive the Chevrolet or bump it up to HBO and all the other pay services.

Basically, their choice, in that regard, is in the marketplace; I think you and I share that basic philosophy and I think that is important to put into perspective when we are talking about the choices the consumer has and what he wants to pay for it. Do you agree with that?

Mr. MARKEY. Yes, sir. I certainly do and along with cable, there are a number of new choices that are going to be available. In this area right now, if you want to, you can get direct broadcast satellite service. It is fairly costly, but it is available right now. MDS, Multipoint Distribution Service, using microwave, is going to be available in the future, with more than one channel. They are going to be providing a lot of competition to cable.

There are new delivery systems out there and that is good for the consumer. We support the advent of those new systems because we think the more choices the individual has in this case, the better he is able to decide what he feels he needs or wants and maybe he doesn't want any of it. Maybe he doesn't want television at all, so that is the way it should be.

Mr. OXLEY. Thank you.

Just to shift gears a little bit, you had an opportunity to answer some questions for the chairman, I think, before I got here in regard to the division of responsibility and international telecommunications areas between State and Commerce. I am wondering if you could give us some idea as to whether you feel that the division of responsibility has worked well or if it has not, what areas could be made to work better and any other recommendations that you would have.

I understand the potential problems here as far as turf is concerned with decisions made by the various entities, but I guess our concern, as an oversight subcommittee, is whether, in fact, the current system really serves the public interest the best or whether, in fact, there are some changes that could be made that would much better serve the national interest.

Mr. MARKEY. Well, there has been a lot of attention given to this subject; a lot of it in the media, which I think is sometimes overblown. It makes for good reading—"We are having a battle here between the State Department and the Department of Commerce." I think some of that is very much overdone. The proof really is in the pudding and when you look at things like preparation for the high frequency conference in January and February and a year or so of preparation for that conference, I think the State Department, the Department of Commerce and others, like the FCC, worked very well together for a very successful conference. I don't think it is unusual in this Government to have agencies taking different looks at the same issue and maybe coming out at different places. That seems to me to happen with some frequency.

The thing that would create concern is if that continues after a decision has been made, it is an executive branch decision, and if somebody is still going out and saying something different than what the decision was. I think some of this concern is worthwhile,

but some of it shouldn't be taken at the value that it is given in the media and other places because I think for the most part we do work well together on a lot of issues.

There are certain issues that come up where we have a different point of view from the State Department, for instance, in working on the question of competition and to Intelsat. We worked together with the State Department over a period of 6, 8, 9 months. Finally, we came to a point where we found that we were going at it just a little bit differently than they were and we had some irreconcilable differences. The fact that we have had two reports that have gone to the White House, I don't think is that unusual. That is what the Cabinet Council process is for, to help reconcile those and that is why we have a White House and a President to make some of those judgments and decisions.

So I don't think this is unusual. I think we can work our problems out for the most part. Yes; we are going to have differences and there may be some better ways to do it and we will be happy to look at those.

We think the Department of Commerce is the proper agency to be in the lead in making and presenting telecommunications policy and we think that decision was made back during the time that NTIA was created. That is the way it was when the Office of Telecommunications Policy was in existence and then came over as part of NTIA, but we believe we can work these things out.

Mr. OXLEY. Some people have talked about the concept of a legislative solution to this perceived problem. What is your position on that?

Mr. MARKEY. Well, I guess it would depend on the solution. I have seen suggested solutions that I thought were something that we could live with and could work on and others I am not sure that I would support. So depending on what it is, that might be a possibility.

Mr. OXLEY. Does the Pentagon have a legitimate role in this entire area and if they do, are they fully involved in the process?

Mr. MARKEY. They have a legitimate role certainly. We end up filing a lot of comments at the Federal Communications Commission on behalf of the executive branch and virtually all the time we check with them on issues that they do have an interest in. So I think that they do get involved in the process, but I think they would be the first to say that they are not looking for the lead here, that they just want to make sure that their concerns are considered. They are major users of telecommunications facilities.

They put an awful lot of money each year into their own telecommunications facilities. They use a lot of the spectrum so we work very closely with the Defense people.

Mr. OXLEY. Where do the intelligence agencies come in to this entire picture, the military intelligence agencies as well as Central Intelligence Agency?

Mr. MARKEY. Depending on the issue they would be brought in through the process of coordination among the State Department and the Department of Commerce and the other agencies that are involved in the coordination process.

Mr. OXLEY. So they do have a role to play in this?

Mr. MARKEY. Yes, sir We are not in the business of excluding anybody from this process. It is my understanding that NTIA, and before that, the Office of Telecommunications Policy, has always tried to coordinate matters where they thought other agencies were concerned and that seems to have worked fairly well.

Every now and then, somebody gets their nose out of joint and feels left out, but generally, I think we are in touch with the people who do have an interest.

Mr. OXLEY. One other question, if I can, or just a comment.

I noticed the other day that Britain is selling its telecommunications system for, as I recall, about $6 billion. It is selling a Government-owned network to the private sector, which I support. I am wondering if you feel that perhaps, in the interaction among countries in international telecommunications, this is a signal of some kind of trend or whether, perhaps, it is somewhat of an aberration.

Mr. MARKEY. Well, we would like to think it is something of a trend, because as you know, we have largely deregulated our telecommunications industry, not entirely, of course, but we are headed in that direction. We have opened up our markets, and we would encourage our trade partners in particular to open up theirs.

We think that the United Kingdom is one of those countries that seems to be trending in that direction. At least that is the counsel that I get from my people in the international area who follow these events very closely. It is also encouraging to us that the Japanese seem to be heading somewhat in this direction, because obviously the Japanese have been selling a lot more equipment and services over here than we have been selling over there, and one of the efforts of the Department of Commerce is to try to turn that around a little bit.

Our people have been working with the Japanese to make sure that we are not excluded from providing certain services by legislative proposals that are now in their Diet.

Mr. OXLEY. Will there be certain areas that are totally excluded from the Japanese market?

Mr. MARKEY. We are going to be totally excluded from basic services, but we want to make sure that we are not excluded from the so-called value-added networks and the enhanced services. I think we made some progress over there. We had one of our people working with our trade people, and I think he provided some very valuable assistance in working with the Japanese.

This spring NTIA and the FCC are going to meet with the Japanese to discuss the efforts of the Japanese to move more in a deregulated direction, and I am sure they are going to be interested to hear our thoughts concerning how our efforts to deregulate are working.

Mr. OXLEY. Will those be just bilateral meetings or will the British be involved in that?

Mr. MARKEY. No, sir, they are just going to be bilateral talks. The Japanese suggested that they would be worthwhile and we thought they would be worthwhile. We are going to try to make extensive records of those meetings so that we can provide them to our private entities who we think may also get some value from those discussions.

Mr. OXLEY. Thank you, Mr. Markey. Thank you, Mr. Chairman.

Mr. WIRTH. Thank you, Mr. Oxley. Mr. Bates.

Mr. BATES. Just briefly I would like to get, if I could, your feeling on the budget and whether you think we are spending too much or too little, and where those fundings sources should come from, some options. For example, I was appalled to learn that the broadcasters pay no fee for the licensing, the tremendous bureaucratic regulatory process that is always consuming so much of our time and money. I am curious, if there is a role for public broadcasting, where do we get the money.

Mr. MARKEY. For public broadcasting?

Mr. BATES. Right.

Mr. MARKEY. Well, one of the ways that we have suggested that public broadcasters might want to move in the future is to think about a very restricted kind of advertising. As you probably know, there was an advertising experiment which was authorized by the Congress several years ago. We thought it was a very worthwhile experiment, and it turned out to be very successful. We would like to see it continue, because those stations that participated in that experiment derived substantial revenues from it, and we would like to see that used by more stations as a way to help support their expenses. Other than that, I think we would just like to see more of the public support the stations which they feel have some value to them.

With the present budget situation that we have with this Government, this administration has not supported additional funds beyond the level that has been proposed in the budget.

Mr. BATES. Thank you. That is all the questions I have.

Mr. WIRTH. I wanted, if I might, to go back to the question that Mr. Oxley was also touching on, and that is who is responsible in the Government. If you are the president of a PTT coming to deal with the United States, who do you deal with? Do you deal with the Department of State? Do you deal with NTIA? Do you deal with the FCC? Do you deal with the Defense Department?

Mr. MARKEY. You probably deal with all three, Mr. Chairman, but I don't think that is totally unusual. For instance, if you go to Japan you may end up dealing with the MPT and MITI over there. I understand there is a pretty good turf battle goes on over there with telecommunications. But generally what I have found is that the people who come do make the circuit—and we have seen quite a few of them. They visit Chairman Fowler, they come over and they visit us, and they also visit the State Department, because they understand that there are these two or three agencies that are involved in international telecommunications matters, and to have input they see all three.

Mr. WIRTH. Let me give you a specific example. Last summer there was a Regional Administrative Radio Conference; correct? The purpose of that was to determine what sort of domestic direct broadcast satellite system the United States could establish. Now, who coordinated that? That was a domestic service. Who coordinated that conference?

Mr. MARKEY. Well, it was coordinated among the three agencies.

Mr. WIRTH. Who is the lead agency?

Mr. MARKEY. The leader? Once the chairman was appointed, of the delegation—as you will recall it was Abbott Washburn, who

was an ex-FCC commissioner—then he took over as the leader of coordinating the effort.

Mr. WIRTH. What agency was responsible for that?

Mr. MARKEY. I don't think any particular one agency was responsible. I think we all responded to Mr. Washburn as he needed our resources.

Mr. WIRTH. Let me ask it in another way. If you ask the right question, you get the answer. Who gave Mr. Washburn his instructions. Did NTIA?

Mr. MARKEY. No. I think the State Department.

Mr. WIRTH. The State Department. The point is this was a conference focused on a domestic direct broadcast satellite system in the United States, and the State Department was issuing the instructions for that. Does that make sense?

Mr. MARKEY. No, sir, I don't think it makes a lot of sense, but obviously the State Department, because of the role that they play in the International Telecommunication Union, and they are our representative to international bodies, they obviously have a role to play here.

But what I was trying to say was that even though the State Department officially presented those instructions, those instructions were pulled together through the efforts of the FCC and NTIA, where most of the technical experience and analysis reside, so that while the process sounds cumbersome, I think it worked in that instance.

We have just gone through another meeting of the High Frequency Conference. There was less involvement by the FCC, but I might add that now that we are between the first session and the second session of the High Frequency Conference, it has been determined that NTIA will have the lead in preparing for the second session, because most of the work that needs to be done is technical work that is up our alley. But in that sense, Mr. Chairman, I would agree with you, it doesn't make a lot of sense for the State Department.

Mr. WIRTH. The concern that I have, is that increasingly in our economy, domestically and internationally, telecommunications is playing a larger and larger role. Fifteen years ago we decided in this country that what we are going to do is to make this a high priority, and establish an Office of Telecommunications Policy that, as you remember, existed in the White House and was responsible for being the lead. Everybody knows who was responsible, where it was, and its importance was clearly illustrated.

Mr. MARKEY. Yes, sir.

Mr. WIRTH. That was downgraded in the mid-1970's, I think under the Carter administration, I believe.

Mr. MARKEY. 1978, yes, sir.

Mr. WIRTH. It was downgraded to the point that it then moved into the Commerce Department, and to an assistant secretary in the Commerce Department.

Mr. MARKEY. We don't like the term "downgraded," but we will accept it. I understand what you are saying, yes, sir. It was no longer in the White House.

Mr. WIRTH. I am in no way commenting on you and your role, but it is a significant difference——

Mr. MARKEY. Yes, sir.

Mr. WIRTH [continuing]. Between being an Office of Telecommunications Policy in the White House——

Mr. MARKEY. Yes.

Mr. WIRTH [continuing]. Where everybody realizes this is a terribly important area, and one in which we are having a diffusion of power, diffusion of responsibility, and I would suggest a diminution of importance in emphasis that is placed on that. You wouldn't have the job that you have if you didn't think telecommunications is important and this subcommittee certainly believes it is too.

There is nothing we can do about that at this point, other than to register a concern that I think Mr. Oxley was reflecting in his questions, and that I was reflecting in mine: That here is an enormously important area that I think is not getting the sort of attention that it should be receiving from the administration, and I mean by that both the previous administration and this administration.

If we look to the future and go to the questions which I think everybody on the panel has been asking you this morning, concerned about where we are going to go in the long term in telecommunications, I don't think we really do have any kind of a policy coming out of the administration. You get a lot of conflicts from various administrative agencies, who have their own axes to grind, and not perhaps a single national policy we want to pursue.

I don't think there is anything that you can do about that at this point, or that we can do about that at this point, other than to continue to try to emphasize our belief that this is a very, very important area.

Mr. MARKEY. I understand.

Mr. WIRTH. Let me ask you about another area, and that is ISDN. Could you explain to the subcommittee what an Integrated Services Digital Network is?

Mr. MARKEY. Well, let me try. I may ask for some help from Dr. Utlaut, who is the head of our Institute for Telecommunication Sciences.

Mr. WIRTH. Perhaps he might want to join you at the table. We are very pleased to have him.

Mr. MARKEY. He is one of the finest professionals I have met in this Government. Let me let him talk to you a little bit about ISDN because he has just gone through some meetings—I guess they were in Boulder—involving ISDN and our efforts to work on that situation.

Mr. WIRTH. Doctor, perhaps in explaining to the subcommittee what an ISDN is, you can keep in mind our concern as to why should the Government be involved with setting standards for ISDN? Why should we not just leave it to AT&T or the PTTs to do so? What is the public interest that is involved here? Why should Secretary Markey be involved in establishing these standards?

Mr. UTLAUT. Thank you very much. I am glad to talk about some of the work that we have been doing in Boulder. Briefly, the term "Integrated Services Digital Network," of course, implies that the exchange and interexchange of messages will be by digital rather than analog means of transmission. This has potentially great

economies as far as the money that are needed for both the development and the operation of digital networks.

Integrated services networks provide a mixture of whatever communication capabilities you as a user may need. This can range from very simple things like alarms or monitoring systems. It includes voice communications. It includes electronic mail, if you wish, or videotext. It can go on all the way up to high information rate services such as video transmissions. In order to maximize the capabilities of an organization, essentially this would allow all these mixtures of communications to come in at one central point, if you wish, in your office. You wouldn't have to go down to the mailroom, for example, to receive a telex message or something. You could get it right at your office position.

Mr. WIRTH. Does this all happen with existing wires, or would a building have to be rewired?

Mr. UTLAUT. Fiber optics could be an advantage, but it doesn't mean that the buildings have to be rewired that way. To a large extent much of this service can go over the ordinary twisted pair of wires. That would not be true for a full video capability.

Mr. WIRTH. You are talking about establishing the standards and protocols so that all these different services, ranging from alarm services to electronic mail to high-volume information transmission, could use the same system; is that right?

Mr. UTLAUT. Could use the same system.

Mr. WIRTH. That would come in by establishing the protocol standards, so that everybody, in fact, could use that system; is that correct?

Mr. UTLAUT. That is correct. That is essentially what an ISDN is.

Mr. WIRTH. Why should the Federal Government be involved in establishing those standards and protocols? If I am jumping ahead too fast, please interrupt.

Mr. UTLAUT. I don't think that the Federal Government is establishing these standards. I think it is participating in the process, and I would say that there are perhaps four functions that we try to perform. One of these is a coordination function. One is perhaps best described as negotiation. I will explain these a bit more. I think that we are also performing a function of education, and stimulation of industry in this area.

Let me go back to the coordination role. Mr. Markey mentioned that we chaired a number of international committees. If you look at the development of ISDN, this is proceeding through the International Telecommunications Union principally through CCITT committees. CCIR gets involved because some of the transmission panels will be satellite, radio paths essentially. The CCITT committees look at data communications, either over data networks or over telephone networks.

One of the study groups, which is for digital circuits, has the coordinating role for the development. In the ITU they are called recommendations. They aren't standards except in a de facto sense. They are recommendations. Because of the excessive importance of ISDN on a worldwide basis, they really become de facto standards, though.

Mr. WIRTH. Why not just let AT&T do that, or ITT, or somebody else?

Mr. UTLAUT. Perhaps if you had asked that question a few years ago, the answer might have been AT&T would have done it, because they essentially were the only interexchange carrier, the dominant carrier here. But if you look at the multiplicity now of terminal manufacturers—these are the users' devices. If you look at the fact that there are multiple carriers now, then it makes sense I believe for the Government to get partly into this role that I described as coordination and negotiation. One of the areas that is being worked on——

Mr. WIRTH. If there isn't this kind of coordination, could we then have a very negative impact on competition? Could one particular company or one particular group set all the standards and protocols, consequently shutting everybody else out, or forcing everybody else to conform to their company's particular standards?

Mr. UTLAUT. I think that that is certainly a danger, and that is where I see our role.

Mr. WIRTH. If one is for competition, as Mr. Markey, you have pointed out on a number of occasions that you are for competition, therefore the Federal Government has a major role, in fact, to protect competition in this area. That is effectively what we are doing; isn't that right, Mr. Markey?

Mr. MARKEY. Yes, sir. The largest role that we play here, as Dr. Utlaut has said, is in the international arena. One of the reasons that we are so concerned about these recommendations or standards is that if they are set without our participation they may freeze us out of the markets. So, we think it is very important that we become very involved in these proceedings.

The ISDN's are moving ahead seemingly much faster in Europe and in other places then they are in the United States because of our deregulated situation, as you have pointed out. I think our companies who want to do business overseas, and I believe you have just gone through meeting with a number of them, are very interested in making sure that we as a government do get in there and work to make sure that those standards are such that we will not be prevented from competing in those markets because of those standards.

Mr. WIRTH. But the companies are concerned both in terms of their ability to compete internationally——

Mr. MARKEY. Yes, sir.

Mr. WIRTH [continuing]. And their ability to compete fairly at home?

Mr. MARKEY. Yes, sir.

Mr. WIRTH. Isn't that correct?

Mr. MARKEY. Yes, sir.

Mr. WIRTH. So, the conclusion of all of this is that those who rhetorically might suggest that anything the Federal Government does is bad or the Federal Government should get out of the marketplace or whatever, that is not relevant to this particular area. In this particular area the Federal Government is terribly important in terms of protecting that competitive marketplace; isn't that what we are saying?

Mr. MARKEY. I think that is correct, yes, sir.

Mr. WIRTH. Is there anything you would like to add, sir? I want to emphasize our great concern about this, Mr. Markey, and the

fact that we understand what you are doing. We support what you are doing. We think it is terribly important, and we would like to help in any way possible.

Mr. MARKEY. We appreciate that.

Mr. WIRTH. It is going to be more and more important to our competitive role around the world, and to assuring that there is fair competition here at home, both of those being high priorities of this subcommittee, as you know.

Mr. MARKEY. We appreciate that, sir.

Mr. UTLAUT. I think the only thing I would perhaps add, which I think both you and Mr. Oxley were talking about, is the relationship with overseas PTT's and so on. I think one of the things that we have clearly done is to argue vigorously in the international arena that competition and the multiple variety of service providers and equipment providers is very beneficial.

I wouldn't claim that we certainly persuade the British to go along this way or anyone else. But I think that we have had to argue vigorously in the development of ISDN that all of this freedom of choice on the part of the user was essential, that it really brought great benefits, and I think that this has been put into the recommendations to provide that flexibility.

The recomendations themselves are really functional in nature, rather than specifying the technical details of how something is built. That allows for the innovation and the creativity of entrepreneurs. That is certainly one of our goals, when I mentioned negotiation, both domestically trying to resolve conflicts between terminal manufacturers and network providers as well as overseas.

Mr. WIRTH. We appreciate that, and you will let us know, Mr. Markey, if we can assist you in any fashion on this front.

Mr. MARKEY. Yes, sir.

Mr. WIRTH. Or if there is anything that we could be helpful in running interference for you, as you do this very, very important thing.

Mr. MARKEY. Mr. Chairman, you have already provided some testimony, I know, to the Appropriations Committee.

Mr. WIRTH. Yes.

Mr. MARKEY. And you have held some hearings that have been very helpful to us, so we appreciate that.

Mr. WIRTH. Let me finally ask you, Mr. Markey: Can you tell us what the status of the protocol is now between the United States and the People's Republic?

Mr. MARKEY. Well, as I sit here today, I hope that we are moving ahead on that. We have now received back their proposal in response to the one that we gave to them last year, and we are trying to coordinate it through the other Government agencies. As you know, sometimes there is some concern about technology transfer, and one of the things that the Chinese seem to be very interested in is fiber optics. That raises some concerns in the Defense Department.

Now we are at this moment trying to ameliorate those concerns, and there is a possibility, although I wouldn't put any money on it, but I think there is a possibility that it could be signed on this trip of the President's. Lionel Olmer, who is the Undersecretary for

International Trade, is on the trip and is very interested in this project, and is going to discuss it with the Chinese.

If we could come to some understanding on this visit, it is possible that we could get it signed and we could then begin to have some activities under that protocol. It is a very important protocol, as you have pointed out.

Again, the hangup has been that the Chinese have wanted to get into a few things that maybe some of our intelligence people and our Defense Department people are a little reluctant at this stage to allow them to get into, and we are trying to work those problems out.

Mr. WIRTH. We had this same discussion a year ago. Effectively, you will remember that Mr. Dingell had a group of members of the full Committee in China, I think a little more than a year ago, and at that point we had been working with Mr. Olmer and the Commerce Department and carried with us a lot of pieces of the protocol for discussion there.

Mr. MARKEY. Yes, sir.

Mr. WIRTH. And carried a number of pieces back. The Defense Department had been concerned about the technology transfer of fiber optics, which technology we will transfer to the Government of India; isn't that right?

Mr. MARKEY. I believe so. I am not sure.

Mr. WIRTH. The Government of India is, I thought, pretty closely associated with the Soviet Union. Isn't that right?

Mr. MARKEY. I am not a foreign relations expert. I will take your word for it.

Mr. WIRTH. Anyway, there are a lot of military agreements between the Government of India and the Soviet Union.

Mr. MARKEY. I think there probably are.

Mr. WIRTH. But we will sell the technology to India, right, but we won't sell it to the People's Republic. This was pointed out to us in some detail——

Mr. MARKEY. Yes, sir.

Mr. WIRTH. By the officials of the People's Republic, who were understandably bewildered by this.

Mr. MARKEY. Yes, sir.

Mr. WIRTH. They said: Why are you so concerned about this? We can go right down the street and buy this exact same technology from the Japanese who are right here in Beijing. They are happy to sell us this fiber technology.

Mr. MARKEY. As you have pointed out, this issue has been around for much too long. We are hoping that maybe the pressure of the President's visit will help to shake it loose.

Mr. WIRTH. Or the politics.

Mr. MARKEY. Or the politics.

Mr. WIRTH. Mr. Oxley, do you have any other questions that you might like to ask?

Mr. OXLEY. No, thank you, Mr. Chairman.

Mr. WIRTH. For the record, there are a variety of things that I have made notes on here on issues that we are going to follow up with. Perhaps Mr. Leach from the subcommittee staff would work with your staff if there are any problems. We are concerned with your figures on facilities coverage, how great that was, what fig-

ures you were using and how that compares to the figures that the public broadcsting community are suggesting to us.

Second, Mr. Tauke was concerned about the schedule of facilities, and how they might wear out, and how you schedule that over a 10-year period of time. We'd like to have that analysis so we might understand what the demands are going to be, whether those are publicly funded or not.

Third, I believe that Mr. Oxley had been concerned about, in Comsat, the instructional process, who gives instructions to Comsat. You were going to respond back to Mr. Oxley, and to the subcommittee, on that.

Mr. MARKEY. Yes. I think we would be willing to have anybody that wants to work with us—speaking for NTIA. We would be happy to have your representatives work with us, but I will be happy to get with Mr. Oxley and see if he needs some additional——

Mr. WIRTH. I think Mr. Oxley had also been concerned—and I don't want to necessarily paraphrase his question—he had been concerned about H.R. 4103, the cable legislation, in which you had responded I believe that you were going to reply back to Mr. Oxley on your position on the cable legislation.

Mr. MARKEY. I think once a final package is out, we will certainly get some kind of a view on that through the OMB process, yes.

Mr. WIRTH. Is there anything else that you would want on that?

Finally, Mr. Leland had been concerned about exit polls and early election returns, and you were going to provide to the subcommittee the administration's position on that.

Mr. MARKEY. We will.

Mr. WIRTH. We would hope by the time of the Texas primary.

Mr. MARKEY. We will start that process.

Mr. WIRTH. Or the Ohio primary. The Ohio primary is in 2 weeks. That is the same time as the Texas primary.

Fine. Well, Mr. Markey, we really appreciate your being with us. Is there anything else that you would like to add for the good of the order?

Mr. MARKEY. No, sir. Just that we appreciate the opportunity to be here, and we very much appreciate the expertise of your staff. They have been very cooperative and been very helpful to us. We hope that we are helpful to them when they ask it.

Mr. WIRTH. We look forward to working with you. We would like to see a much greater centralization of authority in either the White House or the Commerce Department in this area. We admit that we would like to see your role in that area increased significantly, but that is not going to happen without the assistance of your big chief who is on his way to China now.

Mr. MARKEY. We will be happy to talk to you more about that, sir.

Mr. WIRTH. Thank you very much, Mr. Secretary.

Mr. MARKEY. Thank you, sir.

Mr. WIRTH. The subcommittee will be adjourned.

[Whereupon, at 10:57 a.m., the hearing was adjourned.]

[The following material was submitted for the record:]

RESPONSES TO QUESTIONS ASKED AT THE HEARING

1. Question: "What accounts for the difference in public broadcasting coverage and penetration statistics used by NTIA and by some public broadcasting organizations?"

Answers: We have stated that when all of the public broadcasting projects funded under the Public Telecommunications Facilities Program (PTFP) are completed, about 96 percent of the public will enjoy access to public television service and about 81 percent of the public will have access to noncommercial, public radio services. Our public broadcasting coverage estimates are developed in consultation with the Corporation for Public Broadcasting (CPB) and the National Association of Public Television Stations (NAPTS), and with National Public Radio (NPR) and the National Federation of Community Broadcasters (NFCB).

There are two principal reasons why our coverage estimates are somewhat higher than others may advance. First, our estimates take into account cable television carriage of public television signals. If an individual can receive public television service via cable television, our estimates would include him or her, even if there is no public television station in the immediate locale. Ordinarily, we take cable television coverage into account when communities reflect a very high level of cable subscribership (e.g., 75 percent) and the cable systems carry public broadcasting signals. The coverage statistics developed by NAPTS and others generally assume that if local, over-the-air public broadcasting service is not available within a community, that communities' residents are not served by public television even though a substantial number may subscribe to cable television systems offering public television viewing options. Our estimates of public television coverage also include those few TV stations that are not CPB-qualified and thus do not receive "community service grants." Such stations would include new, PTFP-funded TV stations and TV stations that for one reason or another have no interest in qualifying for CPB grants.

Our coverage figures in the case of public radio also take into account the important services provided by noncommercial radio stations that are not members of NPR. At present, some 1313 noncommercial radio stations have been authorized by the Federal Communications Commission, yet less than one-fourth are dues-paying members of NPR. We believe that the public is in fact well-served by non-CPB "qualified," non-NPR, noncommercial radio stations. Such community radio stations are eligible for grants under the PTFP. Consequently, our public radio coverage statistics take into account the service that is provided by about 200 stations in addition to those counted by NPR and CPB.

Finally, our coverage estimates include projects that have been funded by the PTFP but not yet completed. The statistics used by others do not take these projects that are underway into account.

2. Question: "What information is available regarding the average age of public telecommunications facilities and their state of repair?"

Answer: Since the beginning of the Public Telecommunications Facilities program (PTFP) in 1962 (in the case of television) and 1967 (in the case of radio), about 391 grants have been made to activate stations. Some 248 of those grants have been made since the PTFP was transferred to NTIA in 1978. Since the commencement of the PTFP, moreover, 1,104 grants have been made to extend or upgrade stations. Six hundred seventy-nine of these grants have been made since the program came to NTIA in 1978.

The grants made by NTIA in the past seven years constitute about 62 percent of all PTFP grants awarded since the program's inception. The useful life of the equipment funded under the program varies. In general, we seek to require that grantees procure equipment with a useful life at least equal

to the ten-year statutory Federal interest period. Grant applications seeking funds for the replacement of essential equipment represent a small fraction of total applications, rarely more than 10 percent of all applications.

We are not aware of any systematic, credible inventory of all of public broadcasting's capital plant. Although we do require individual station equipment inventory listings be maintained, no compilation of all inventory has been undertaken by the PTFP.

Estimates of the need for equipment replacement that have been advanced by public broadcasting organizations are greatly in excess of any actual need substantiated by the five-year inventory of equipment needs we required of all applicants in conjunction with our administering the PTFP. Equipment replacement costs, in our view, thus constitute a small part of public broadcasting's annual revenue requirements. Such costs, in any event, should be regarded as routine operational costs and in general should not be borne by the PTFP.

3. Question: "What means short of constructing full, CPB-qualified public radio and television stations in remote rural areas are reasonably available to provide coverage in those few areas of the country not yet reached?"

Answer: About 3.6 million Americans live in remote rural areas where typical population densities average three persons per square mile. In such sparsely populated regions, the costs of providing public television and public radio service using standard, CPB-qualified stations are very high on a per person basis. The capital costs for a "full-service" public radio station, for example, would be at least $75 per person potentially reached, and the annual operating expenses per household comparable to or greater than the costs of providing basic cable television service in most other locales, for example. Such stations, moreover, are highly unlikely to prove self-

sustaining and would thus require a continuing influx of Federal funds.

Among the options that have been considered are greater use of low-power television, possible "piggybacking" of public television services on cable television systems sustained through subscriber and pay-service fees, and the use of low-power FM translators. The costs of providing noncommercial, public radio using translators is about one-fifth to one-tenth the cost of providing such service using full-service, originating stations.

The PTFP since its inception, however, has generally relied upon private sector initiatives and proposals. Staff and resources are not available to develop plans and programs to meet potential viewer needs. Indeed, the act currently authorizes grants in aid of planning efforts.

Few applications are submitted to provide "first service" in remote, rural areas. Those applications that are submitted rarely envision other than the construction of fully-equipped stations with local origination capabilities. In sum, while expanding technology offers less costly means of providing service in sparsely populated locales, applicants to date have evidenced little interest in pursuing such options. Any substantial increase in available funding, of course, could lessen any incentives on the part of the public broadcasting community to explore less inefficient, less costly service alternatives.

4. Question: "What is NTIA's current policy regarding grants to entities engaged in producing programming for public broadcasting stations."

Answer: It may be possible to construe present law to permit grants to such "production houses." Such entities typically might qualify as "a nonprofit foundation, corporation,

institution, or association organized primarily for educational or cultural purposes" (47 U.S.C. Sec. 392(a)(1)(D)); grants under present law are also permissible if they are "designed to achieve ... the improvement of the capabilities of existing public telecommunications services" (47 U.S.C. Sec. 393(b)(4)). We believe, however, as a matter of sound public policy that the PTFP should avoid making grants to independent production houses that are not de facto agents of existing stations or state networks because to do so would potentially involve us in the actual program production process and potentially lead to serious questions regarding "unfair" competition with the private sector.

In some states, separate entities are organized by the state public broadcasting authorities and charged with producing programming for state stations. Such production operations are, in essence, agencies of the stations or state systems involved; the programs they produce are generally available only to associated stations and are not marketed to public broadcasting (or other) stations. Production houses that are not constructively a public telecommunications entity, however, do market their program productions generally. In some instances, such independent production houses may compete with private, for-profit enterprises.

Congress established the Corporation for Public Broadcasting for the purposes of insulating Federal support of program production from the political process to the maximum extent possible. We thus do not believe that it would be sound, as a matter of policy, for us to stretch the limits of the PTFP act to make grants to independent program production houses that are not de facto agencies of public broadcasting stations of systems.

5. Question: "What position has the Administration taken on the pending cable television legislation?"

Answer: On March 1, 1983, Secretary Baldrige wrote to Chairman Parren Mitchell of the House Committee on Small Business and stated:

> The Department of Commerce believes enactment of sound and balanced deregulatory legislation specifying the respective responsibilities of Federal, state, and local government would prove the single most important stimulus to further development of the cable television industry. Such legislation would provide a stable regulatory environment which could generate greater business community investment.

Previously, in April 1982 and in May 1982, NTIA submitted statements to the Senate Communications Subcommittee expressing support for the fundamental thrust of the cable legislation then being considered (S. 2172, S. 2445), but indicating concerns regarding certain features of the bills. Similar statements were sent to members of the Senate Subcommittee in April 1983 regarding S. 66, the "Cable Telecommunications Act of 1983" which passed the Senate in June 1983. The Administration's floor position statement on S. 66 noted that, "The Administration strongly supports deregulation of cable and other telecommunications systems that have become competitive due to technological advances."

We have not yet taken a position on the cable television legislation that the House Telecommunications Subcommittee has been considering (H.R. 4102). Our understanding is that this measure is now undergoing significant revisions. We will provide our views on this House initiative at such time that a measure reasonably satisfactory to those parties currently engaged in negotiations regarding cable legislation is available.

6. Question: "What actions has NTIA taken with respect to possible changes in the Comsat instructional process?"

Answer: We have begun a review of the effectiveness of the present process in conjunction with the other Government agencies principally involved (the FCC and the Department of State). We have also discussed the need for changes, if any, with Comsat as well. As indicated in our statement to the Subcommittee, there is a need to revisit these arrangements given the changes now occurring in the international and domestic telecommunications markets. No decision has been reached, however, regarding the need for any changes. We will consult with the Subcommittee further in this respect.